Christianity and Economic Problems

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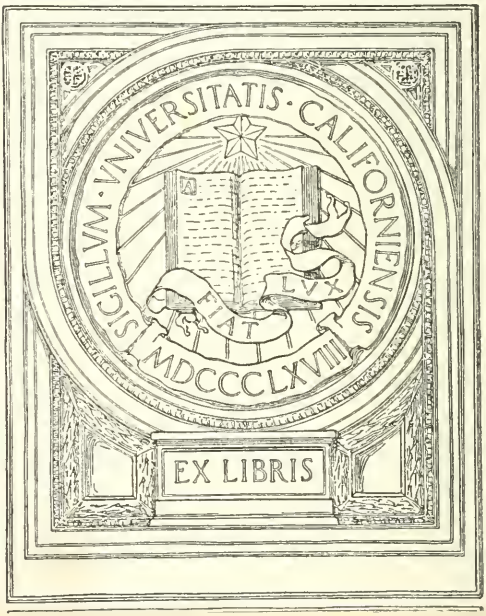

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SOCIAL PROBLEM DISCUSSION SERIES

CHRISTIANITY AND ECONOMIC PROBLEMS

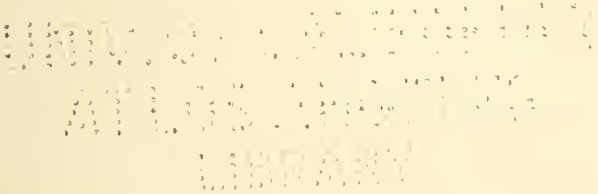
FACTS, PRINCIPLES, PROGRAMS

A Discussion Group Text-Book

Prepared by

KIRBY PAGE, *Chairman*
LESLIE BLANCHARD
SHERWOOD EDDY
HARRISON S. ELLIOTT
F. ERNEST JOHNSON
DAVID R. PORTER
FLORENCE SIMMS
OLIVE VAN HORN

for the Educational Committee of the Commission on the Church and Social Service of the Federal Council of the Churches of Christ in America



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Foreword

This book, the second of the Social Problem Discussion Series, has a somewhat different form from the first—"What is the Christian View of Work and Wealth?" It contains a running text instead of reference material gathered from a variety of sources. But it is none the less a discussion course. The outline and the manner of treatment have been determined by the committee and the same kind of discussion has gone into the preparation of the course that it is hoped to elicit by means of it. The text has been written with a view not merely to stating facts or declaring opinions, but to laying bare the issues and enabling the group to approach the problems involved in the subject matter.

On first thought many of the questions here dealt with seem to be of too technical a nature for popular discussion. What is contemplated, however, is a moral appraisal of the situation presented by industry in the light of our common heritage of ethical ideals.

Suggestions to Leaders

The leader will doubtless find himself serving the group best if he keeps as much as possible out of its way. He is really the chairman of a meeting. He should not attempt to "put over" any particular point of view, but to see to it that there is fair discussion. To this end, he probably will not wish to take part himself. He will have all he can do if he carries out his duties as chairman, stating the questions, seeing that all sides are represented in the discussion, and summarizing the conclusions. He may find a blackboard of help if he is handling a large group. The chairman will also need to see that the necessary information for intelligent discussion is before the meeting.

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CHAPTER 1

A Divided World

The revolt against the suffering and misery of the present day is world-wide. A never-ending stream of protest is pouring from our printing presses. Many of the titles are significant: "The Salvaging of Civilization," "Social Decay and Regeneration," "Chaos and Order in Industry," "Principles of Social Reconstruction," "Proposed Roads to Freedom," "The New Social Order," "Labor in the Changing World," "What the Workers Want," "The Cry for Justice." Books which defend the present order are also appearing. Such titles as these are significant: "The Case for Capitalism," "A Defense of Wealth."

The unrest and dissatisfaction with things-as-they-are are finding expression in the utterances and actions of the Churches.[1] The Federal Council of Churches of Christ in America has adopted the "Social Ideals of the Churches." The National Catholic War Council has issued a program of "Social Reconstruction." The Central Conference of American Rabbis has issued a "Social Justice Program." Practically all the great religious bodies in the United States have made pronouncements dealing with the present social order. "The Church and Industrial Reconstruction,"[2] a notable volume published by a group of prominent churchmen, devotes forty-six pages to a consideration of the "Unchristian Aspects of the Present Industrial Order."

In every quarter the present state of affairs is being challenged. Especially do we find the youth of all lands giving voice to their dissatisfaction with the old order of things. Among old and young it is being recognized increasingly that at present life is almost intolerable for great masses of people. Others are saying that the present social order is doomed. In this connection, Mr. Lloyd George has said: "The old world must and will come to an end.

[1] The pronouncements of the Churches are considered in some detail in Chapter 11 of this book.

[2] Published by Association Press, New York City. Paper covers, $1.00.

No effort can shore it up much longer. If there be any who feel inclined to maintain it, let them beware lest it fall upon them and overwhelm them and their households in the ruins."[1] Mr. H. G. Wells has recently said: "There are some things that it is almost impossible to tell without seeming to scream and exaggerate, and yet these things may be in reality the soberest matter of fact. I want to say that this civilization in which we are living is tumbling down, and I think tumbling down very fast; that I think rapid enormous efforts will be needed to save it."[2]

PRESENT SITUATION CAN BE CHANGED

Throughout the literature of protest against the misery of the present day runs a note of optimism. Conditions can be changed. These are days of transition. If only we have the intelligence and the will, a new and better world may be built.

Perhaps no writer has sounded this note of hope and triumph more vigorously than has Benjamin Kidd, in these words: "We are undoubtedly living in the West in the opening stages of a revolution the like of which has never been experienced in history. We are witnessing the emergence of causes and the marshalling and leaguing of forces utterly unknown to textbooks. They will make history for a thousand years to come. . . . . Through all the stress of conflict in the West there swells the deep diapason of the social passion calling for service, for subordination, for sacrifice, for renunciation on a scale unprecedented. . . . . We are watching the assembling in the world of the governing forces of new eras of history. . . . . The ascending history of the human race is indeed nothing else than the progressive history of the sacrifice of the individual efficient for himself to the meaning of that collective efficiency which is being organized in civilization gradually merging in the universal. The progress of humanity has, therefore, over and above every other feature this meaning. It is the epic of the vast, tragic, ennobling, immortalizing, all-conquering ethic of Renunciation. . . . . Within the life of a single generation it can be made to undergo changes so profound, so revolutionary, so permanent, that it would almost appear as if human nature itself had been completely altered in the interval."[3]

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[1] Quoted in Philip Snowden, "Labour and the New World," p. v.
[2] "The Salvaging of Civilization," pp. 42, 43.
[3] Benjamin Kidd, "The Science of Power," pp. 3, 4, 41, 51, 112.

Mr. H. G. Wells closed his series of articles on the Washington Conference with these words: "But I know that I believe so firmly in this great World at Peace that lies so close to our own, ready to come into being as our wills turn towards it, that I must needs go about this present world of disorder and darkness like an exile doing such feeble things as I can towards the world of my desire, now hopefully, now bitterly, as the moods may happen, until I die."[1]

This same note of hopefulness has been expressed by Dr. John A. Hutton. "I sometimes think that in a great, wholesale way we are all of us about to make a wonderful discovery. At times it seems to me as though we were on the edge and moment of a world-shaking revolution in thought and mood. For a long time now we have been feeling our way in a vast, unlit corridor, contending with others in the dark, striking out at shapes which seem to be wishing to do us harm, when all the time they, like ourselves, may only have been out upon their business, and, like us, in the dark. I sometimes think that in answer to the cry of our present distress a light is once more about to shine, and by this light we shall see again an open door, and beyond the fair earth and sky."[2]

A DIVIDED WORLD

When we begin to analyze the present situation in the effort to discover the chief causes of misery, we are at once impressed by the obvious fact that we are living in a divided world. All about us are vast chasms. The supreme task of this generation is to bridge the deep gulfs which separate group from group. Modern social cleavages are varied and complex. They are not easy to define, much less easy to surmount.

One of the most comprehensive of these antagonisms is that between races. We are deeply affected by the color of a man's skin, the slant of his eyes, the shape of his nose, or the curl in his hair. One of the most serious questions with which we in the United States are confronted is the so-called "Negro problem." A vast immigration from every corner of the globe has thrust upon us a complex and dangerous race problem. We hear of a "yellow peril" and of "the rising tide of color." We are constantly being warned that the next world war will be a struggle between races.

[1] "Washington and the Riddle of Peace," p. 312.
[2] "The Proposal of Jesus," pp. 98, 99.

Then there is the constant clash between nations. Eight years of war and the aftermath have made us all too familiar with the tragic seriousness of the struggles between nations. There is another major cleavage in the modern world, that between religions. Do we not hear of "the menace of Islam"? Are we not told of the bitter resentment and even overt hostility with which Christian missionaries are greeted in various parts of the earth?

The antagonism, however, which comes closest home to most of us and which most seriously affects our daily lives, is the conflict between classes. Everywhere a terrific struggle is being waged between employers and workers. In most countries this conflict is growing more intense. In our own land we are becoming increasingly aware of it. Strikes and lockouts on a national scale are constantly being threatened. Not only in the basic industries, such as coal, steel, railways, packing houses, and building trades, but throughout the whole of industry the conflict is on. Industry is sharply divided into two camps, employers and workers. Organized business is arrayed against organized labor.

The situation is even more complex than this. Each side in turn is divided into many conflicting factions. Within the ranks of the employers a bitter struggle is being waged. Is it not considered axiomatic that "competition is the life of trade" and the cornerstone upon which modern business rests? Does not success in business depend upon the degree of victory achieved in vanquishing one's competitors? Is not bitterness and unrestricted warfare inherent and inevitable in a system based upon competition?

The ranks of labor are even more seriously divided. Competing employers have found it to their advantage to unite against labor and are usually able to present a united front against the common enemy. Labor, on the other hand, in spite of the plea for solidarity which is often made, has not learned to act unitedly. Only a fraction of labor's strength is ever marshalled against the solid ranks of the employers. A bitter and unrelenting warfare is constantly being waged among the various factions within the labor movement.

CONSEQUENCES OF DIVISION

As a result of these manifold antagonisms, humanity is losing much vital blood. It is weak when it might be strong. It is poor when it might be rich. Sufficient strides have been made in mechanical invention and the conquest of nature to make it possible

for every person to receive an adequate supply of the material necessities and comforts of life. And yet, because we continue to attack one another, most of the human race is still in physical need.

Not only in China, India, Russia, and parts of Europe and the Near East are large masses of the people living in destitution, but even in the United States, the most favored nation of the earth, an appalling proportion of the population is in dire physical need. It was more than thirty years ago that Jacob Riis wrote his notable volume, "How the Other Half Lives," but the situation among our poorer people is still tragic in the extreme. Thousands of families never have anough to eat. Children are deprived of milk and other nourishing food. The supply of clothing is altogether inadequate. Whole families are crowded together in two or three dingy rooms. Health is menaced and morals are endangered. Mental and spiritual growth is stunted. The miracle is that some families find a measure of joy in life even in the midst of sordidness and wretchedness. But these are exceptions. As a rule, the "fruits of the spirit" do not spring from such soil. Instead of love, joy, beauty, peace, and hope, we more often find bitterness, misery, squalor, dread, fear, and despair.

One of the tragic consequences of the divided state of mankind is to be found in its effects upon brotherhood. It is obvious that the spirit of brotherhood is endangered by the great gulf which exists between the rich and the poor, by racial, national, and class struggles, and by the exploitation of the weak. The results of division upon brotherhood are especially visible in the Church. It is, of course, impossible for the Church to proclaim with maximum power the message of Jesus so long as its ranks are divided by race, nationality, and class. These divisions constitute an effective barrier to the progress of the Kingdom of God on earth and are an absolute denial of the prayer of our Lord "that they all may be one."

WHAT CAN WE DO?

No follower of Jesus can be satisfied with the present state of affairs. Our divisions are a source of regret and unhappiness. We long for a united world. What can we do to hasten its coming?

The first step is an open-minded examination of the facts in the case. It is absolutely essential that we know the real nature of our

problems. Only as we know the facts can we hope to find a way out of our present situation. To discover all the facts with regard to our complex problems is difficult indeed. The difficulties are made all the greater because of the social cleavages which separate us from other groups. No single group has access to all the facts. Each group reaches its decisions after an examination of only a portion of the data. Our problem is intensified by the hostility which exists between different groups or at best the prejudice, suspicion, and fear with which various groups regard each other. Still another factor increases our difficulty, namely, the conscious or unconscious tendency to defend the *status quo*. The mere existence throughout several decades or centuries of a given practice or attitude is often the only defense it needs.

Prejudice, passion, and the tendency to defend things-as-they-are without examining the ethical foundations upon which they rest, block the way to the discovery of the truth. Those persons who are desirous of rendering their maximum contribution to the building of a better world, simply must free themselves from preconceived notions and enter into a sympathetic and open-minded examination of the facts. This is not easy to do and it requires constant watchfulness and effort. And yet this must be accomplished by leaders in various groups if further chaos is to be avoided.

It has been said that "there is no refuge but in truth." "The watchword of conduct that will clear up all our difficulties is the plain truth. Rely upon that watchword, use that key with courage and we can go out of the prison in which we live; we can go right out of the conditions of war, shortage, angry scrambling, mutual thwarting, and malaise, and disease in which we live; we and our kind can go out into sunlight, into a sweet air of understanding, into confident freedom and a full creative life—forever."

A mere knowledge of the facts will not solve our problems. We must have a correct scale of values by which the facts are to be tested. In succeeding chapters we shall attempt to discover the principles of Jesus that have a bearing upon the problems under consideration. In the light of these principles we shall examine specific problems and attempt to evaluate various programs of action which are being set forth as ways of building a better world. In other words, we shall endeavor to locate the sources of division and to discover paths to a united world through following in the footsteps of Jesus.

CHAPTER 2

Poverty—Misfortune or Blessing?

POVERTY AS A BLESSING

Two conflicting views of poverty are current. According to one theory poverty is a blessing, while according to the other it is a curse. Obviously we cannot reach an intelligent decision as to what should be done about poverty until we decide which of these theories is more nearly in accordance with the actual facts.

We are told that "of all advantages which come to any young man, I believe it to be demonstrably true that poverty is the greatest." The persons who hold this belief usually set forth three advantages of poverty. First, poverty is the cradle of character. It is contended that the poor have fewer temptations than the rich. Financial inability is a curb against riotous living. The excesses of the rich are not possible for the poor. Not only does poverty afford exemption from many temptations to which the rich are susceptible, it also makes necessary the kind of effort which is an aid to the building of character. The rich are not compelled to exert themselves, whereas the poor are kept from laziness by their very poverty.

According to this view, the poor are likely to possess stronger characters than the rich, and so have a better chance of salvation. The writer of the following words is strongly of this opinion: "O ye children of poverty and toil, of misfortune and sorrow! God is better to you than ye know. Ye see but one side of the veil now, and that is fretted with troubles, and dark with adversity. But it has another side. On that side are angel faces and the smile of God. Your crowns are gathering lustre. Your harps are being attuned to sweeter notes and deeper melodies of joy." This point of view has also been expressed in these words: "Never mind: if you cannot have a piano on earth, you may have a harp in heaven."

A second advantage of poverty is often set forth: it provides

the driving force for achievement. Poor boys have a better chance of rising to fame because of the spur of necessity. Numerous illustrations are cited of prominent citizens who were born poor. We are told that "poverty is the step-mother of genius."

A third advantage of poverty, according to this view, is that it brings happiness. The poor are compelled to work, and work is a blessing. The person who works hard is not only likely to be in better health than the idle rich; he also has the satisfaction of seeing the results of his labor. Creation and achievement are sources of real joy. Then, too, the fact that the poor are financially unable to indulge in the vices of the rich and consequently are spared the sorrows that follow dissipation, increases their chances of being happy.

The advantages of poverty in this regard were described by the theologian Paley in these words: "Some of the necessities which poverty imposes are not hardships but pleasures. Frugality itself is a pleasure. It is an exercise of attention and contrivance, which, whenever it is successful, produces satisfaction. The very care and forecast that are necessary to keep expenses and earnings upon a level form, when not embarrassed by too great difficulties, an agreeable engagement of the thoughts. This is lost amidst abundance. There is no pleasure in taking out of a large unmeasured fund."

The theory that poverty is a blessing is reenforced by reference to the example and teaching of Jesus. We are reminded that Jesus was poor, that most of his disciples and followers were poor, and that many of the most devout Christians through the ages have been poor. Our attention is called to the teaching of Jesus. "Blessed are ye poor: for yours is the Kingdom of God." "But woe unto you that are rich!" "It is easier for a camel to go through a needle's eye, than for a rich man to enter into the Kingdom of God." "And the cares of the world, and the deceitfulness of riches, and the lusts of other things entering in choke the word, and it becometh unfruitful." "Go, sell whatsoever thou hast, and give to the poor." "Take heed, and keep yourselves from all covetousness: for a man's life consisteth not in the abundance of the things which he possesseth." "Lay not up for yourselves treasures upon the earth."

Our attention is also directed to the saying of St. Francis of Assisi: "Poverty is the way of salvation, the nurse of humility, and the root of perfection."

One of the values of Christianity, so we are told by Wilberforce,

is that it teaches the poor "that their more lowly path has been allotted to them by the hand of God; that it is their part faithfully to discharge its duties and contentedly to bear its inconveniences; that the present state of things is very short; that the objects about which worldly men conflict so eagerly are not worth the contest; that the peace of mind, which religion offers indiscriminately to all ranks, affords more true satisfaction than all the expensive pleasures which are beyond the poor man's reach; that in this view the poor have the advantage; that, if their superiors enjoy more abundant comforts, they are also exposed to many temptations from which the inferior classes are happily exempted; that, 'having food and raiment, they should be therewith content,' since their situation in life, with all its evils, is better than they have deserved at the hand of God; and finally, that all human distinctions will soon be done away, and the true followers of Christ will all, as children of the same Father, be alike admitted to the possession of the same heavenly inheritance. Such are the blessed effects of Christianity on the temporal well-being of political communities."

POVERTY AS A MISFORTUNE

After every favorable aspect has been mentioned, there is still much to be said about poverty. There is quite a different story to tell. Before we can decide whether poverty is a blessing or a misfortune, we must analyze its evil effects also.

1. **Sickness.** In modern cities an inadequate income means an insufficient quantity and a poor quality of food. Undernourishment of children especially almost invariably accompanies poverty. Poor families as a rule do not receive proper medical care. Health is endangered because of neglected teeth. The volume of sickness is undoubtedly much greater among the poor than among other classes. Especially is there a higher death rate among the children of the poor. In this connection the Federal Commission on Industrial Relations said: "It has been proved by studies here and abroad that there is a direct relation between poverty and the death rate of babies. . . . . The last of the family to go hungry are the children, yet statistics show that in six of our largest cities from twelve to twenty per cent of the children are noticeably underfed and ill nourished."[1]

[1] Senate Document, No. 415, p. 23.

2. **Unwholesome Family Life.** Poverty means bad housing. The poor live in unattractive houses in the most undesirable section of the town or city. Shanties in towns and slums in cities are the habitations of the poor. The degree of overcrowding which is common among the poor makes decency difficult or impossible. Discord and misery are more conspicuous in the homes of the poor than peace and happiness. There is little incentive to spend one's leisure hours in such a dreary place and consequently amusements and recreation are sought outside. The state of the family treasury allows only the barest margin of expenditures for pleasure. Only the cheapest and coarsest kinds of amusement are, as a rule, available for the poor. Such amusements are highly commercialized and more often than otherwise are a grave menace to morals. This unfavorable atmosphere of the home, with commercialized amusements as the only alternative, places terrific temptations upon children and young people.

3. **Mothers in Industry.** A considerable proportion of the women engaged in industry are so engaged because of the inability of the husband or father adequately to support the family. Poverty drives mothers into industry. A whole train of evil consequences follow this step. The mother's health is threatened, babies are born lacking vitality, children are left at home unprotected and allowed to contract vicious habits, men's wages are lowered, and employers are encouraged to pay men less than a living family wage; home life is hopelessly shattered.

4. **Child Labor.** Poverty in the home is responsible for a considerable percentage of child labor. Dire necessity drives children out of school and into industry at the earliest legal age. Blind-alley jobs with no possible future in them are taken because of the need of cash. Lacking in training, such children have little hope of ever being able to earn more than a bare living. Child labor has vicious consequences for the health, mentality, and morals of the children so engaged.

5. **Ignorance and Low Mentality.** The highest degree of illiteracy and the lowest degree of intelligence are found among the very poor. It is no adequate explanation to say that such people are poor because of low intelligence. Ignorance is both a cause and a consequence of poverty. The unwholesome environment of the poor, the anxiety and fear of want to which they are subjected, the necessity of devoting one's major energies to the

struggle for existence, all tend to deaden the intellect and to stifle the desire for learning.

6. **Undesirable Citizenship.** Poverty is an important factor in crime. Lack of adequate training in childhood, the unfavorable atmosphere of the slum, and the pressure of physical need and the consequent feeling of recklessness, all tend to create criminality. Poverty is the prolific parent of crime. As Horace Greeley expressed it: "Morality and religion are but words to him who fishes in gutters for the means of sustaining life, and crouches behind barrels in the street for shelter from the cutting blasts of a winter night." Ignorance and criminal tendencies on the part of any considerable proportion of the population make possible boss rule and wholesale corruption and endanger democratic government.

7. **Bitterness and Hatred.** To live in a slum, to feel the pangs of hunger, and to be unable to provide even the necessities of life for one's family, while only a few blocks away other men live in mansions and lavish all manner of luxuries upon their families, does not tend to produce love toward God or one's neighbors. This is not fertile soil for Christian virtues. Do men gather grapes of thorns? So long as poverty exists there can be no end to the class struggle.

8. **Inefficient Workers.** Poverty is one of the chief brakes upon production. Ill health, low mentality, lack of training, bitterness, resentment, and a general breakdown of morale all work together to keep the worker from rendering efficient service. Inefficient workers affect the profits of the employer and the general prosperity of the community. If industry is to be efficient the present degree of poverty must be very greatly reduced.

9. **Misery and Despair.** In these two words may be summed up the ultimate consequences of enforced poverty. Even a few months' experience with poverty creates a feeling of helplessness and hopelessness that is exceedingly difficult to overcome. Energies are consumed in the grim struggle for a bare existence. Fear of want is ever present. The misery of the poor has been described by Carlyle: "It is not because of his toils that I lament for the poor. We must all toil. . . . . But what I do mourn over is, that the lamp of his soul should go out, that no ray of heavenly, or even earthly, knowledge should visit him; but only, in the haggard darkness, like two spectres, Fear and Indignation bear

him company. Alas, while the body stands so broad and brawny, must the soul lie blinded, dwarfed, stupefied, almost annihilated!"

POVERTY—MISFORTUNE OR BLESSING?

Having examined some of the favorable and some of the unfavorable aspects of poverty, are we now prepared to decide whether it is a misfortune or a blessing? Let us tabulate the advantages and disadvantages.

Advantages of Poverty	*Disadvantages of Poverty*
Compels work	Sickness
Incentive to achievement	Unwholesome family life
Fewer temptations	Mothers and children in industry
Develops character	Ignorance and inefficiency
Better chance of salvation	Bitterness and crime
Brings happiness	Misery

Is it possible to strike a balance between these two sides? A careful distinction should be made between poverty which is voluntarily assumed and poverty which is enforced. There is not the slightest doubt that there are many striking illustrations of sterling character, brilliant achievement, and genuine happiness in the midst of poverty. We are strongly convinced, however, that for every such case, there are hundreds of instances where modern enforced poverty is accompanied by ignorance, inefficiency, squalor, wretchedness, and despair. The evidence at this point seems to us to be overwhelming. There is surely something in what Henry Ward Beecher used to say: "Poverty is very good in poems, but it is very bad in the house. It is very good in maxims and sermons, but it is very bad in practical life."

JESUS' TEACHING ABOUT POVERTY

The teaching of Jesus concerning poverty can be understood only as we take into account His teaching concerning the value of human life. The very heart of the teaching of Jesus is that every human being is a child of God, of inestimable worth and more valuable than all material possessions; of limitless possibilities of development, even to the extent of becoming "perfect." Each

individual is entitled to the fullest opportunity for self-expression and self-development. The strongest words of condemnation used by Jesus are reserved for those who repress human development. "It is inevitable that hindrances should come, but woe to the men by whom they come, it would be well for him to have a millstone hung around his neck and be flung into the sea, rather than prove a hindrance to one of these little ones." The parable of the Good Shepherd leaving the ninety and nine safely in the fold and going in search of the one lost sheep is a picture of a compassionate, seeking God, grieved over the absence of even one of His children. It is not His will "that even the least of these shall perish."

The dominant purpose of Jesus is revealed in these words: "I came that they may have life, and may have it abundantly." He was concerned with the physical and mental needs of people, as well as with their spiritual life. Much of His time was spent in ministering to the bodily needs of people. "And He came forth, and saw a great multitude, and He had compassion on them, and healed their sick." He fed the hungry. The record gives His answer when His disciples wanted to send away the hungry multitude: "Give ye them to eat."

The ultimate test of every institution and every manner of life is to be found in its effects upon human beings. Poverty is neither good nor bad in itself. It is good when human beings are uplifted, it is bad when they are degraded. Does Jesus commend or condemn poverty as a way of life? The only answer that can be given is that this depends upon what poverty does to human beings. Does modern poverty uplift or degrade those who live in this condition?

The real contrast, after all, is not between poverty and great riches, but rather whether poverty is more favorable to human development than decent security in a comfortable standard of life. On this point there seems to be no basis for a difference in opinion. Security in modest comfort is the soil in which the higher values of life—scientific research, artistic achievement, moral righteousness, and spiritual insight—grow most readily. The really deadly thing about poverty is that it makes the achievement of these values exceedingly difficult if not impossible for most persons.

CAUSES OF POVERTY

Even if we do decide that, on the whole, the evil effects of enforced poverty vastly outweigh the good effects, the question

still remains as to the chief causes of poverty. There is a widespread belief that most poverty is caused by personal disqualifications—laziness, shiftlessness, waste, lack of thrift, dissipation, and general no-account-ness. Cowper expressed this opinion in verse:

> "But poverty, with most who whimper forth
> Their long complaints, is self-inflicted woe;
> The effect of laziness, or sottish waste."

There is surely some basis for this belief. Undoubtedly many persons spend their days in poverty because of these personal causes. In fact, there are a sufficient number of cases to make it easy to believe that most poverty is caused in this way. Such an explanation, however, by no means accounts for the bulk of poverty. Let us look into a number of other sources of poverty.

1. **Sickness and Accidents.** When it is remembered that the income of thousands of families is at best barely sufficient to provide the necessities of life and permits only the very slightest margin for savings, the tragedy of sickness and accidents will be more fully appreciated.

In the report on national vitality prepared by Professor Irving Fisher for President Roosevelt's National Conservation Commission it was estimated that in the United States there are about three million persons seriously ill at all times. The Commission on Industrial Relations estimated that the average American workman loses nine days' work per year on account of sickness. In 1919 there were in the United States a total of 575,000 accidents causing at least four weeks' disability. As a result of sickness and accidents tens of thousands of workers are unable to work from three months to six months out of the year. Not only do the wages of the sick or injured worker usually stop, but there is the added expense of doctors and medicine, to say nothing of the strain upon his wife. A sickness of several weeks often plunges a family into debt from which it may take years to escape. It is impossible to estimate the human tragedy represented in such cases.

2. **Old Age.** The average unskilled worker reaches his maximum earning power shortly after attaining to manhood. By the time he is married his income is about as high as it ever will be. The coming of each baby into the home means an added struggle and a lower standard of life. The income of unskilled workers is not sufficient to make possible any considerable saving for a

rainy day or for old age. As the worker gets on in years his earning capacity decreases, he finds it increasingly difficult to find work and the periods between jobs grow longer. One of two things happens; such a worker becomes dependent upon relatives, thus increasing their struggle, or he drifts into poverty, existing on a lower level of comfort or becoming a charge upon charity. There are few kinds of misery more acute than that felt by an old man who realizes that his earning capacity is growing less, and who is in constant fear that he will lose his job and become an object of charity.

3. **The Unemployable.** In the aggregate a large group of persons are unemployable for one reason or another. This group includes cripples, invalids, the blind, epileptics, the feeble-minded and those of low intelligence, habitual vagrants, habitual criminals, those of depraved moral character. There are, of course, a multitude of causes for the disqualifications of the persons in this group. It cannot be questioned, however, that a considerable proportion of these causes are rooted in poverty. Ill health, invalidism, epilepsy, feeble-mindedness, vagrancy, and crime all thrive in the soil of poverty. These things are both causes and consequences of poverty.

There are several other major causes of poverty, such as low wages in relation to the high cost of living, enforced unemployment, and the inadequacy of the national income. Our final evaluation of the causes of poverty must await the discussion of these factors in the next chapter.

SUGGESTIONS FOR THOUGHT AND DISCUSSION

1. What are the advantages, if any, of being poor?
2. What are the disadvantages of being poor?
3. Upon the whole, is it an advantage or a disadvantage to be poor?
4. Where would you draw the line between desirable and undesirable poverty?
5. At which of the following levels do you think it would be most desirable for a family with three children to live?

(Put on blackboard.)

g.	Extravagance	$30,000 per year
f.	Luxury	15,000 per year
e.	Plenty	8,000 per year

d.	Enough for complete living	5,600 per year[1]
c.	Reasonable comforts	3,500 per year
b.	Health and decency	2,200 per year[2]
a.	Fair standard	1,700 per year[3]

(There will probably be discussion as to whether the estimated amounts are accurate. Let there be discussion on that and change amounts where there seems basis for same and a majority sentiment.)

6. Which, if any, of the levels of living are inconsistent for a Christian?

7. Some people say that Christianity has tended to make the common people accept poverty and bad conditions as the will of the Lord and to be content in the hopes of future happiness. What do you think?

8. Some claim, on the contrary, that Jesus really took sides with the poor against the rich and powerful. What is your impressions from reading the record of Jesus' life? What evidence do you find?

9. What contribution did Jesus make to the solution of the problem of poverty? What evidence, if any, that Christianity has reduced poverty in the world? (How about Christian versus non-Christian countries?)

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[1] Estimate of Edward W. Evans in article, "When a Christian Questions Himself," *The World Tomorrow*, Nov., 1921. See page 42.

[2] Estimated Budget, United States Bureau of Labor Statistics, Washington, D. C., August, 1919. See page 42.

[3] Estimated Budget, National Industrial Conference Board, New York City Special Report No. 19, Oct., 1921. See page 24.

CHAPTER 3

Is Poverty a Serious Problem?

President Harding, in his message at the opening of the second session of the Sixty-seventh Congress, said: "On the way up from the elemental stages of society, we have eliminated slavery and serfdom and are now far on the way to the elimination of poverty."

This statement is in accord with the general opinion as to the amount of poverty in the United States. It is recognized, of course, that there are still many cases of poverty and that it will probably be necessary to appropriate public funds and solicit private philanthropy for the support of charitable institutions for a long time to come. But the opinion prevails that the number of persons who are in need of charitable aid are relatively few; that the great mass of people in the United States are living in comfortable circumstances and are quite able to look after themselves. It is generally recognized that in the Orient and in parts of Europe poverty is a very serious problem. But the common opinion is that in the United States the situation is different; the volume of poverty is not sufficient to cause alarm.

The amount of poverty in the United States has never been accurately measured. Various estimates have been made, however, which are at variance with the general belief. Several different writers have estimated that the number of persons living in poverty or on the border line of the minimum subsistence level is approximately 10,000,000.[1] This figure is challenged and usually it is regarded as a gross exaggeration.

Is there any way of getting at the facts in the case? Can we find out whether or not poverty is really a serious problem? There are at least four sources from which we can gain light: (1) public and private charitable agencies; (2) wage schedules; (3) income-tax figures; (4) estimates of the national income.

[1] See the estimates of Robert Hunter, John Simpson Penman, and Maurice Parmelee.

The records of charitable agencies by no means indicate the full amount of poverty. As a rule, only the extreme cases receive help from such agencies. But even so the figures are disturbing. After an analysis of relief records, Professor Parmelee estimates that the number of persons in the United States who receive more or less charitable aid ranges from five to ten per cent of the population. In New York City alone more than $60,000,000 a year is spent for charitable purposes. The fact that out of the total number of deaths in New York City one person in twelve is buried at public expense in the Potter's Field is an indication as to the enormous number of people who are living in poverty or are constantly hovering near the brink.

RATES OF WAGES

There is a widespread belief that workers have been receiving exorbitant wages during the last few years. This popular conception was set forth recently by a writer in a prominent religious periodical in these words: "Linotype operators who set the type come to work in their limousines; pressmen have their summer homes up the Hudson; binders keep their private yachts, and paper makers subscribe to grand opera."

What are the facts as to the wages of skilled workers? In the September, 1921, issue of the *Monthly Labor Review*, an official publication of the United States Bureau of Labor Statistics, we find the union scale of wages for boiler makers, bricklayers, carpenters, cement finishers, compositors, electrotypers, granite cutters, inside wiremen, machine operators, machinists, iron moulders, painters, plasterers, plumbers, sheet metal workers, in some forty American cities from 1913 to 1921. These tables show a very marked increase in the scale of wages for 1921 as compared with 1913. The 1921 rates vary from $1.25 an hour to seventy-five cents per hour. The table shows that in the forty cities there were only about a dozen cases in all of these occupations where the rate was higher than $1.25 per hour. There was a considerably larger number of cases where the rates were below seventy-five cents an hour, in several instances being as low as fifty-five cents and sixty cents an hour. The above figures do not include hod-carriers and ordinary laborers but only skilled workers.

At the rate of $1.25 an hour a skilled worker receives $60 for six days of eight hours each. This amounts to $3,120 for the year, if the worker is employed six full days every week. At the rate

of seventy-five cents per hour a skilled worker receives $36 per week or $1,872 for a full year. But, of course, these men are not able to work every day in the year. Even in normal times there is a considerable volume of lost time due to bad weather, slack seasons, change of jobs, holidays, sickness, or accidents. The Committee on Elimination of Waste in Industry of the Federated American Engineering Societies, appointed by Herbert Hoover, estimates that "the building-trade workman is employed only about 190 days in the year, or approximately sixty-three per cent of his time."[1]

This thirty-seven per cent loss of time reduces the average income of the $1.25-per-hour-man to $37.80 per week or $1,965.60 per year. The average income of the seventy-five-cents-per-hour-man is reduced to $22.68 per week or $1,179.36 per year.

There are many occupations in which the extent of lost time is not so great as in the building trades. There are, however, many seasonal occupations in which the volume of lost time is even greater. It ought to be remembered also that in years of severe trade depression the amount of lost time is very greatly increased. During the past year, for example, several millions of workers have been employed less than half time. From four to five millions of workers have been unemployed at a given date. Even in normal times an appalling number of men are unable to find regular employment. The report of the Federal Commission on Industrial Relations says: "Wage-earners in the principal manufacturing and mining industries in the United States lose on the average from one-fifth to one-fourth of the working time during the normal year."[2]

Concerning the amount of lost time in the various industries, Mr. Hoover's Committee on the Elimination of Waste says: "The clothing worker is idle about thirty-one per cent of the year; the average shoe-maker spends only sixty-five per cent of his time at work; the building-trade workman is employed only about 190 days in the year or approximately sixty-three per cent of his time; the textile industry seemingly has regular intervals of slack time; during the past thirty years bituminous-coal miners were idle an average of ninety-three possible working days per year."[3]

It is often assumed that railway employes are receiving unduly

[1] "Waste in Industry," p. 16.
[2] Senate Document, No. 415, p. 103.
[3] "Waste in Industry," p. 16.

high wages. Tables prepared by the Interstate Commerce Commission do not bear out such an assumption. Aside from the executives and official staffs, the average earnings of no group of railroad employes in September, 1921, was as high as $260 per month. The total number of employes in groups whose average earnings were less than $1,500 per year was 841,294, or forty-eight per cent of all railway employes, while the total number in groups whose average earnings were less than $1,200 per year was 451,249, or twenty-five per cent of all railway employes.[1]

There are, no doubt, many skilled workers who have been earning relatively high wages and who have been able to secure regular employment. But only an exceedingly small proportion of skilled workers receive as much as $1.25 per hour, or $3,120 per year, and of these the large majority are unemployed from ten to forty per cent of the time. The facts in the case do not bear out the popular belief that workers are receiving exorbitant wages. It should also be remembered that there have been heavy reductions in wages during the past two years.

Let us now examine the wage rates for unskilled workers. In the steel industry the current rate for ordinary laborers is thirty cents and twenty-five cents an hour. Common laborers in the employ of railroad companies receive from forty cents to twenty cents per hour. This means that unskilled workers are now receiving from $24 to $12 per week for ten hours per day, six days per week.

In 1919 the United States Bureau of Labor Statistics made a survey of twenty-seven different industries in forty-three states having a total of 318,946 male employes and 85,812 female employes.[2] An examination of the record of this survey will shed light on current rates of wages, since there is conclusive evidence, that the rates for common laborers are now much less than in 1919. In the steel industry, for example, unskilled workers received $4.62 for ten hours in 1919, whereas the current rate is $3.00 for ten hours. This is the same rate that was paid in May, 1917. Keeping in mind the fact that 1919 rates were much higher than 1922 rates, let us analyze the figures of the 1919 survey.

Of the 318,946 male employes included in this survey less than

[1] Quoted in "The Wage Question," p. 21, a pamphlet published by the Research Department of the Federal Council of Churches.

[2] U. S. Bureau of Labor Statistics, Bulletin 265.

six per cent received as much as $1 per hour. Less than twenty-one per cent received as much as seventy cents per hour. More than forty-seven per cent of the total number received less than fifty cents per hour, while nearly seven per cent received less than thirty cents per hour.

In April, 1921, the United States Bureau of Labor Statistics made a study of wages in thirty-four slaughter houses and meat packing plants.[1] Of the 28,969 male employes working in these establishments, only eight per cent received as much as sixty-five cents per hour, while sixty-six per cent received less than fifty cents per hour. There have been marked reductions in the rates since April, 1921.

In July, 1921, the New York State Industrial Commission issued a report covering the average weekly earnings in 1,648 representative factories employing a total of 450,000 workers in ten industries, as follows:

Stone, clay, and glass	$26.04
Metals and machinery	27.79
Wood manufacturers	24.85
Furs, leather, and rubber goods	25.22
Chemicals, oils, and paints	26.61
Paper manufacture	26.47
Printing and paper goods	30.33
Textiles	20.78
Clothing	23.28
Food, beverages, and tobacco	24.48
Total, all industries	$25.71

These figures will assume added significance when it is remembered that a large proportion of these 450,000 workers received much less than the average of $25.71 per week. The average earnings of these workers is less now than in July, 1921.

The United States Department of Agriculture has estimated that farm laborers during 1921 received an average of $42.65 per month without board. At harvest time farm laborers were paid an average of $2.80 per day without board, and at other seasons an average of $2.17 per day without board. The rates in many sections are much lower than these.

What are the facts as to women's wages? In the survey made

[1] U. S. Monthly Labor Review, Sept., 1921.

by the United States Bureau of Labor Statistics in 1919,[1] when wages were higher than in 1922, it was found that approximately twenty-one per cent of the women received less than $11 per week, while fifty per cent received less than $13.50 per week—when six full days were worked. An investigation made by the Council of National Defence and Minnesota Bureau of Women and Children of women's wages in Minnesota in 1918, revealed the fact that out of the 51,361 included in the survey,[2] approximately forty-seven per cent received less than $10 per week, while less than twenty per cent received as much as $15 per week.

The New York State Department of Labor has issued a bulletin dealing with the wages of 61,160 women employed in factories and mercantile establishments at the end of 1918.[3] Approximately half of the total number received less than $11.50 per week. Average wage rates are now lower than at the end of 1918.

In the summer of 1920 the Women's Bureau of the United States Department of Labor made an investigation of women's wages in Kansas. Of the 4,138 women included in the survey, fifty per cent received less than $12 per week, while seventy per cent received less than $15 per week. Rates have been reduced since the summer of 1920. Of the 1,298 saleswomen employed in five and ten cent stores investigated by the New York Department of Labor in September, 1921, twenty-eight per cent received less than $12 per week, while seventy-six per cent received less than $15 per week.

INCOME-TAX RETURNS

An important analysis of incomes in the United States has recently appeared.[4] It represents a year's intensive study on the part of four members of the staff of the National Bureau of Economic Research.[5] This report estimates that of the more

[1] District of Columbia Minimum Wage Cases, Brief for Appelees by Felix Frankfurter, p. 319—taken from Bureau of Labor Statistics Bulletin 265.

[2] *Ibid.*, p. 339.

[3] *Ibid.*, p. 351.

[4] "The Income in the United States."

[5] The National Bureau of Economic Research is controlled by nineteen directors, including representatives from the U. S. Treasury Department, the National Industrial Conference Board, The American Economic Association, The American Bankers' Association, The American Federation of Labor, The Engineering Council, The American Statistical Association, etc. Its findings may be depended upon as scientific and impartial.

than thirty-seven millions of persons in the United States having an income, more than fourteen and one-half millions received less than $1,000 for the year 1918, and more than twenty-seven millions received less than $1,500 for the year. Or to put it another way, only ten and one-half millions, or twenty-eight per cent, received an income as high as $1,500 for the year.

There are upwards of twenty million families in the United States and in approximately half of these the head of the family received an income of less than $1,500. Only a few more than five million persons received as much as $2,000 during 1918.

This estimate of 5,290,649 persons as having an income above $2,000 is higher than the official income-tax figures. Only 4,425,114 persons filed any return whatever and of these only 2,908,176 gave their net income as above $2,000. The difference in the two figures is due to the fact that the staff of the National Bureau of Economic Research made allowances for non-taxable income, for under-reporting, and for non-reporting of income.

This report classifies these incomes as follows:[1]

No. of incomes under $500	2,027,554
No. of incomes under $1,000	14,558,224
No. of incomes under $1,500	27,056,344
No. of incomes under $2,000	32,278,411[2]
No. of incomes above $2,000	5,290,649
Total number of incomes	37,569,060

NATIONAL INCOME

Let us come at this question from another angle. The total income in the United States during 1918 has been estimated by the National Bureau of Economic Research at sixty-one billions of dollars.[3] This means an annual income of $581 per capita, or approximately $2,900 for each of the twenty-one million families. But, of course, it is not possible to divide this income equally. From six to nine millions of this amount are expended for government and other public functions. At least ten per cent of the national income should be reserved for the maintenance and

[1] p. 136.

[2] Not including farmers, the number of incomes under $2,000 was 30,450,000 and the number of incomes above $2,000 was 3,400,000.

[3] p. 76.

expansion of industry if production is to be sustained. Not more than forty-eight billions of the national income would be available for equal distribution among all the population. This would mean an average income of less than $2,300 per family, even if the available income should be divided equally. But, of course, the national income is not divided equally. More than 254,000 persons receive an income of at least $10,000 per year, and upwards of 842,000 persons receive an income of more than $5,000 per year.

THE HIGH COST OF LIVING

The significance of these wage schedules and income-tax figures can be understood only as we take into account the high cost of living. How much does it cost a family to maintain a decent standard of life?

The United States Bureau of Labor Statistics issues minimum quantity and cost budgets from time to time. Similar budgets are also issued by several other agencies, including the National Industrial Conference Board, a research organization maintained by employers' associations. In August, 1919, the United States Bureau of Labor Statistics prepared a minimum health and decency budget for a family of five—father, mother, and three children under fifteen—in Washington, D. C. The total budget, after deducting for minor economies, amounted to $2,015.56. In July, 1918, Professor W. F. Ogburn prepared a minimum comfort budget for the National War Labor Board, the total cost of which he placed at $1,760.50. In September, 1921, the National Industrial Conference Board prepared a "fair minimum standard" budget for Detroit. The total figure of the budget for a family of five was set at $1,697.95 per year, or $32.66 per week.

Reducing the former budgets to prices prevailing in September, 1921, we have three minimum budgets as follows:

United Bureau of Labor statistics	$1,940.98
National War Labor Board	2,014.57
National Industrial Conference Board	1,697.95

Let us analyze one of these budgets, taking for this purpose the National Industrial Conference Board estimate,[1] since it was

[1] National Industrial Conference Board, "The Cost of Living Among Wage-Earners," Detroit, Mich., Sept., 1921. Special Report No. 19, Oct., 1921.

prepared under the direction of employers. The amounts for the various items in this weekly budget for father, mother, and three children under fifteen are as follows:

Food	$10.30
Shelter	8.08
Clothing	5.68
Fuel and light	2.20
Sundries	6.40

Reduced to still smaller detail the item of $10.30 per week for food means an average of forty-nine cents per meal for the entire family, or eleven cents each for father and mother and nine cents each for three children. The item of $6.40 per week for sundries must include all expenditures for household supplies and furnishings, physician, dentist, drugs, laundry, carfare, newspapers, education, amusements and recreation, church and charity, insurance, and burials.

The National Industrial Conference Board also prepared a minimum budget for a family of four and another for a family of three. The figures for father, mother, and two children was set at $29.37 per week or $1,527.08 per year, and the figure for a family in which there is only one child at $24.10 per week or $1,252.81 per year.

Let us now compare the incomes of unskilled workers with the minimum budget for a family of five prepared by the National Industrial Conference Board. The striking fact is that the income of all workers who receive sixty-five cents per hour or less, and who work ten hours per day, and who lose an average of twenty per cent working time, falls short of this minimum budget. The significance of this fact will be understood when it is remembered that very few unskilled workers receive as much as sixty-five cents per hour. The following table shows how much below the minimum budget the various rates are:

A Comparison of Wage Rates with the Minimum Budgets of the National Industrial Conference Board

Cents per Hour	60-hour week, less 20 per cent lost time	Amount income falls short of weekly budget for family of five	family of four	family of three
65	$31.20	$ 1.46		
60	28.80	3.86	$ .57	
55	26.40	6.26	2.97	
50	24.00	8.66	5.37	$ .10
40	19.20	13.46	10.17	4.90
35	16.80	15.86	12.57	7.30
30	14.40	18.26	14.97	9.70
25	12.00	20.66	17.37	12.10
20	9.60	23.06	19.77	14.50

In the light of the wage schedules, income-tax returns, an analysis of the national income, and minimum budgets, it seems difficult to question the essential accuracy of the conclusion reached by the Federal Commission on Industrial Relations that "a large part of our industrial population are, as a result of the combination of low wages and unemployment, living in a condition of actual poverty. How large this proportion is cannot be exactly determined, but it is certain that at least one-third and possibly one-half of the families of wage earners employed in manufacturing and mining earn in the course of the year less than enough to support them in anything like a comfortable and decent condition."[1]

SUGGESTIONS FOR THOUGHT AND DISCUSSION

1. It is sometimes claimed that aside from a small proportion of cases due to sickness and misfortunes, which should be covered by philanthropy, no one who is thrifty needs to be without enough on which to live, and that the rank and file of folks can get along very well. What is your impression?

2. There is a widespread feeling that the workers are living in comparative luxury, having expensive clothes, buying automobiles, and spending money extravagantly. Why do people think labor is being paid too much?

3. Is poverty really a serious problem? The answer to this question depends upon the consideration of two questions:

a. What does it cost to live?

[1] Senate Document No. 415, p. 22.

b. What proportion of the workers are receiving less than a minimum subsistence wage?

Information on this will be found in the chapter and should be studied in answer to these questions. To introduce this material vividly into the discussion, the leader should select some of the salient facts and have them ready for display, either on a blackboard or a large sheet of cardboard. Following is a possible display of this sort:

A. WHAT DOES IT COST TO LIVE?

Employers' estimate of minimum subsistence budget. Detroit, Mich., Sept., 1921.

(Page 14, Special Report No. 19, National Industrial Conference Board, New York City, on "The Cost of Living among Wage Earners.")

For family with one child	$24.10 per week	$1,252.81 per year
For family with two children	29.37 per week	1,527.08 per year
For family with three children	32.66 per week	1,697.95 per year

B. WHAT THE WORKERS ARE BEING PAID.

In 10 million of the 20 million families in the United States, the head of the family is receiving $1,500 or less per year.

The railroad workers are supposed to be highly paid. In September, 1921, 48.95 per cent of railway workers were receiving less than $1,500 per year.

In June, 1921, ten chief industries of New York State, representing 450,000 workers, the average wage was $25.71 per week or $1,336.92 per year.

Wages of common labor in steel industry is 30 cents per hour or $936 per year on a ten-hour day.

C. SURPLUS OR DEFICIT FOR FAMILY WITH THREE CHILDREN.

(Based on Detroit budgets and living costs.)

8-hour day. Twenty per cent loss of time[1]

If rate is $1.25 per hour, surplus per week above subsistence[2] is		$15.34
If rate is 1.00 per hour, surplus per week above subsistence is		5.74
If rate is .80 per hour, deficit per week below subsistence is		1.94
If rate is .55 per hour, deficit per week below subsistence is		11.54

[1] This is the average estimated loss of time in building and similar skilled trades.

[2] The table on p. 25 may be taken as a fair index in its items of expenditures as to what is meant by "subsistence."

10-hour day. Full time. 60-hour week

If rate is .50 per hour, deficit per week below subsistence is	$ 2.66
If rate is .40 per hour, deficit per week below subsistence is	8.66
If rate is .30 per hour, deficit per week below subsistence is	14.66
If rate is .20 per hour, deficit per week below subsistence is	20.66

(Compare this schedule with local costs and rates. The leader may wish to substitute table as given at top of page 26.)

D. Conclusion of United States Commission on Industrial Relations.

"It is evident both from the investigations of this commission and from the reports of all recent governmental bodies that a large part of our industrial populations are, as a result of the combination of low wages and unemployment, living in a condition of actual poverty. How large this proportion is cannot be exactly determined, but it is certain that at least one-third and possibly one-half of the families of wage earners employed in manufacturing and mining earn in the course of the year less than enough to support them in anything like comfortable and decent conditions."

4. In the light of the study and discussion of this problem, do you or do you not consider having enough on which to live is a serious problem in this country? Is poverty a serious problem?

5. At present if all the available income were divided up it would give only $2,300 to each family. Because of low production, luxury production and extravagance there isn't enough to go around and give everybody anything above a Health and Decency Budget of $2,500 per year. Which is better, that a smaller proportion have plenty while many are in want, or would it be better to attempt more nearly to equalize incomes?

6. In a country completely Christian would there or would there not be any poor? Would the thorough application of Christian principles to social and industrial life increase the income so that each family would have enough for reasonable comforts or complete living?

7. What are the causes of poverty? Can poverty be eradicated?

CHAPTER 4

Do Great Fortunes Help or Hinder Social Progress?

For the purpose of this discussion let us arbitrarily define a great fortune as one valued at a million dollars or with an income of $50,000 per year. It is estimated that in the United States in 1918 there were 21,453 incomes of $50,000 or above. We are also told that: "more than forty families in the United States have in excess of 100 millions each. More than 100 other families have in excess of fifty millions each. More than 300 other families have in excess of twenty millions each."[1] The question with which we are concerned in the following paragraphs is this: Is it a good thing or a bad thing for the country as a whole to have this degree of concentration of wealth?

DO THE RICH DESERVE TO BE RICH?

Before we examine both sides of the argument, a prior question must be dealt with. It is often contended that regardless of whether great fortunes are a blessing or a menace to the country, society has no right to interfere because to do so would be an unwarranted invasion of private ownership.

The basis of this attitude is that wealth is achieved by superior ability, self-control, and a high degree of self-sacrifice. So we are told: "The most extraordinary thing that makes for human inequality is the diversity of ability and quality in the human mind. . . . . Why is the accumulated wealth of the country in the hands of a comparative few? It is because there are comparatively few of all men born, who are able or willing to control their appetites and their spendings. There are few who appreciate the need of saving. There are few who realize what can be done with the

[1] "Dynastic America," p. 13, by H. H. Klein, Deputy Commissioner of Accounts of New York City.

accumulations of thrift and saving." The adherents to this view go on to say that since wealth is the reward of toil, good judgment, self-denial, and saving, it would be morally wrong to interfere with great fortunes.

There is surely much to be said for this point of view. It is unfortunately true that many people have low intelligence and poor judgment, and that many others are self-indulgent, lacking in thrift, and never able to save anything. From the viewpoint of social welfare it is highly questionable whether this latter group should receive the same rewards as are given to the intelligent, industrious, and thrifty.

And yet there are several fallacies in the argument outlined above. As a matter of actual fact, were the 21,000 great fortunes in the United States achieved by unusual brain power, hard work, and self-denial? There is considerable doubt as to whether very many of these great fortunes were achieved solely in this manner. Let us examine the sources of a few of them.

The fortune of the Astor family now runs into hundreds of millions of dollars. John Jacob Astor got his start by trading with the Indians—exchanging beads, knives, guns, and whiskey for furs. His profits were invested in New York real estate. Dozens of lots on lower Broadway for which he paid $300 are now valued at $400,000. An east side farm which cost him $20,000 is now valued at more than ten millions. The growth of New York City has increased the value of property decade after decade, with the result that millions of dollars have been flowing steadily into the treasuries of the Astor family. It surely cannot be said that the present owners of the Astor fortune enjoy it as a reward for frugalities and personal effort.

Our largest fortune came from oil. The Standard Oil Company has distributed more than $1,500,000,000 in cash dividends. Other large fortunes have been made from timber, others from mining, others from the steel industry. These great fortunes are all based on the exploitation of natural resources—land, timber, oil, coal, ore. What proportion of these fortunes is due to ability, thrift, and self-denial? What proportion is due to the control of natural resources, in the creation of which the owners had no part?

Or consider the great fortunes made from railways. Notwithstanding the ability of a Harriman or a Hill, could these fortunes have been accumulated apart from the huge land grants to railways by the United States Government—amounting in all to 215,000,000 acres?

Many of our great fortunes came as a result of speculation and manipulation of stocks. On numerous occasions millions of dollars have been made over night by the skillful manipulation of the stock market. Consider the fortune of Andrew Carnegie. It is generally supposed that his fortune was achieved in making steel. So far as the bulk of his fortune was concerned, such was not the case. It came through manipulating the stock market and especially by frightening his competitors into the formation of the United States Steel Corporation and the payment of 447 million dollars for his stock, which only a little while before he had offered to Henry Frick and William Moore for 158 millions, and on which they had deposited a million dollars as an option.[1]

Huge fortunes were made from war industries. The duPont corporation made net profits of nearly 200 million dollars in three years from the manufacture of munitions. It has been estimated that the corporations of the United States made excess profits amounting to fourteen billion dollars during 1916 over and above regular pre-war profits.

It is undoubtedly true that practically all of our fortunes amounting to as much as a million dollars came as a result of control of natural resources—land, timber, oil, mining, ores—or as a result of speculation and manipulation. Income-tax returns show that of annual incomes above $100,000 the proportion which comes from property ranges from fifty-nine to ninety-six per cent, as follows:

INCOME-TAX RETURNS FOR 1918[2]

Income classes	Per cent of total income derived from personal service and business	Per cent of total income derived from property
$ 100,000 to $ 150,000	41	59
150,000 to 200,000	39	61
200,000 to 250,000	41	59
250,000 to 300,000	41	59
300,000 to 500,000	39	61
500,000 to 1,000,000	28	72
1,000,000 to 1,500,000	30	70
1,500,000 to 2,000,000	29	71
2,000,000 and over	4	96

[1] See John Moody, "Masters of Capital," pp. 77, 83.

[2] United States Internal Revenue, "Statistics of Income for 1918," p. 9.

It is true, of course, that a few great fortunes are due directly to extraordinary business genius, apart from the control of natural resources. The contribution to social progress made by such men is really worth millions of dollars. For this reason society has been willing that these men should receive huge fortunes as personal rewards.

Business men, however, are not the only persons who render conspicuous public service and who are really worth millions of dollars to a community. Consider the case of a specialist in education, who by years of painstaking research has developed superior methods of teaching and who is thus able to increase the effectiveness of tens of thousands of teachers and through them raise the general level of intelligence throughout a nation. Or consider a physician, who at the risk of his own life has made a medical discovery which will relieve the pain of thousands of sufferers. Or consider the case of a minister, who by devotion and zeal has been the means of transforming useless and unhappy men and women into purified and consecrated individuals who find their joy in the serving of others and in the building of a new and better world.

Are these men less valuable to society than business men? Is not the public contribution of such men and women worth many millions? Why should business men receive disproportionately large financial rewards for service which is no greater than that of those who spend themselves in other fields? At what point would the limitation of financial reward slow up the initiative and energy of business men? Which is the greater incentive to achievement, financial reward or the realization of public service? How big a financial reward can society afford to pay business genius?

With regard to the argument that a business man is entitled to wealth because of his thrift, energy, and self-denial, does he exercise these virtues to a degree which is not true of men in other professions? Does the rich business man work more hours per day than do his employes? Do the thrift and self-denial of the business man exceed that of the college professor or social worker? Is the self-sacrifice of the owner of a great fortune the chief cause of his wealth? In the case of a man who saves $75,000 a year and spends $25,000 upon himself and family, can we speak of this man as self-sacrificing? Is there not a "saturation" point beyond which a man is compelled to save or deliberately waste his substance? Does not this "saturation" point for most

persons fall below $25,000 a year? Beyond this point, is saving to be regarded as self-renunciation?

What shall we say concerning the argument that a man has a "right" to the proceeds of his intelligence, toil, and thrift? Would it be justifiable for a surgeon to withhold a discovery which would relieve the suffering of multitudes until assured of a huge financial reward? Is there any limit to the amount of property to which an individual has the "right" of ownership? In a world where there is not a sufficient quantity of material comforts and luxuries to go around, does an individual have a "right" to all that he can lay hands upon, even if he keeps within legal and customary methods of business?

What shall we say of those great fortunes which were inherited and for which the "superior ability, perseverance, and thrift" of the present owners were in no wise responsible? From the viewpoint of social welfare, what is the justification of this kind of great fortune?

ARE GREAT FORTUNES A SOCIAL ASSET?

Perhaps we are now in a better position to discuss our original question: Do great fortunes help or hinder social progress?

(1) There are, of course, very many advantages that come from great fortunes. Wealth makes possible the greater development of personality, through leisure, literature, art, music, congenial surroundings, travel, and other cultural advantages. Wealth also makes it possible for a man to provide adequately for his family and to give his children superior advantages.

There is also another side to this story. Wealth often leads to idleness and dissipation and is a great barrier to the development of personality. There is also a grave doubt as to whether the training received by children in the homes of great fortunes is as wholesome and valuable as the training received by children in homes that are only comfortably fixed. In this connection, former President Eliot of Harvard says: "The most serious disadvantage under which very rich people labor is in the bringing up of their children. It is well-nigh impossible for a very rich man to defend his children from habits of self-indulgence, laziness, and selfishness."

The teaching of Jesus is filled with warnings against the perils of great riches. He once startled His hearers by saying: "How hardly shall they that have riches enter into the kingdom of God!

And the disciples were amazed at His words. But Jesus answereth again, and saith unto them, Children, how hard is it for them that trust in riches to enter into the kingdom of God! It is easier for a camel to go through a needle's eye, than for a rich man to enter into the kingdom of God." Jesus also said: "Lay not up for yourselves treasures upon the earth, where moth and rust consume, and where thieves break through and steal." And again He said: "Take heed, and keep yourselves from all covetousness: for a man's life consisteth not in the abundance of the things which he possesseth." In a striking parable He pictures the doom of the rich man who said: "This will I do: I will pull down my barns, and will build greater, and there will I bestow all my grain and my goods. And I will say to my soul, Soul, thou hast much goods laid up for many years, take thine ease, eat, drink, be merry." The parable of the rich young ruler also reveals the perils of wealth. It is doubtful whether we are justified in saying that Jesus always condemned the holding of great wealth. It is certain, however, that He recognized the perils of wealth and frequently warned His hearers against these dangers.

(2) Great fortunes are the source of large gifts for charity and other philanthropic purposes. Many hospitals, settlement houses, homes for dependents, colleges, libraries, and Christian institutions are almost wholly dependent upon gifts from wealthy people. There is no doubt that an immense amount of good has been accomplished by the gifts of such men as Mr. Carnegie and Mr. Rockefeller, and by such philanthropic foundations as the General Education Board and the Rockefeller Foundation. It is true that in many towns the most significant improvements are the gifts of benevolent citizens.

Over against the social values of great fortunes must be placed the social dangers of concentrated wealth. Great fortunes make possible the control of the press, the domination of educational institutions, and the exerting of undue influence over public opinion. This in turn is responsible for legislation which is more concerned with the protection of the property of the rich than the lives of the poor.

(3) A third advantage of great fortunes is that concentration makes possible large-scale production and effective administration. It is maintained that concentration of wealth makes possible a greater degree of surplus and provides the necessary capital for the expansion of industry. There is also greater mobility of capital

when it is concentrated. Great fortunes make possible the taking of greater risks in prospecting for oil or minerals, in experimenting with new machinery, and in developing new industries. It is also maintained that democracy in industry menaces efficiency and that only by means of autocratic control on the part of the management can industry be conducted efficiently.

Autocracy in industry has its bad side as well as its good side. The concentration of wealth usually involves absentee ownership and control. Thousands of plants and mines all over the country are controlled from Wall Street and lower Broadway. Business under absentee ownership is more and more impersonal. As a consequence there is a strong tendency to neglect the human element. A distinguished English manufacturer who recently visited the United States expressed great admiration for the mechanical efficiency in the plants inspected, but he also expressed amazement at the neglect in most of them of the human factor.

Moreover it is to be feared that the investment of their capital by the holders of great fortunes is more often prompted by speculative interest than by social vision. And as for the social surplus, no one knows what degree of production democratic cooperation would yield.

Great fortunes and industrial autocracy are a very grave menace to the interests of the workers. The individual worker is absolutely at the mercy of huge corporations and even the strongest unions are no match for the high degree of concentration of wealth made possible by great fortunes.

(4) There are many persons who, while recognizing the danger of the concentration of wealth, feel nevertheless that government and industry are safer in the hands of the intelligent and self-controlled few than they would be under the administration of the mediocre and undisciplined masses. They recognize that society has to pay a high price for the leadership of the rich, but feel that, after all, it is a good investment. They say that the country as a whole is better off because of this leadership. It is contended that the mass of people are uneducated, lacking in intelligence and quite incapable of assuming responsibility for the control of industry. The results of the army-draft intelligence tests are cited in substantiation of this contention. Leading articles in current periodicals deal with "democratic misgivings." A genuine fear of the rule of the common people is widely prevalent. So far as democracy in industry is concerned the very idea strikes

consternation into the minds of many people. A leading engineer speaks of industrial democracy as "jargon," and quotes with approval this sentiment: "The many can prosper only through the participation in benefits which, in the way alike of material comfort, opportunity, culture, and social freedom, would be possible for no one unless the many submitted themselves to the influence or authority of the super-capable few."

Some years ago Mr. Andrew Carnegie said: "We must accept and welcome, therefore, as conditions to which we must accommodate ourselves, great inequality of environment; the concentration of business, industrial and commercial, in the hands of the few; the law of competition between these, as being not only beneficial but essential to the future progress of the race. . . . . The millionaire will be but a trustee for the poor, intrusted for a season with a great part of the increased wealth of the community, but administering it for the community far better than it could or would have done for itself. . . . . The condition of the masses is satisfactory just in proportion as a country is blessed with millionaires."[1]

Over against this doctrine of paternalism, there is a widespread belief in real democracy. Those who believe in democracy say that the real issue is not the material prosperity of the country so much as it is one of the status and relationship of peoples. A strong case can be made out that many Negroes were better fed, clothed, and housed while they were slaves than after they were freed. This fact does not necessarily mean that slavery was better than freedom. The principles involved in this question as to whether paternalism is better than democracy are in a very real sense parallel with those in the issue of slavery. The fundamental issue is that of personal status.

The ideal of a superior people controlling wealth and privilege and handing down favors to other people is a fundamental contradiction of the worth and dignity of human beings. It is an absolute denial of brotherhood. The continuation of paternalism can have no other result than the creation of a servile people. This is too great a price to pay even if it could be demonstrated beyond doubt that paternalism results in higher production and greater industrial efficiency. After all, a nation's life consists not in the abundance of *things* possessed, but rather in the quality of its men and women.

[1] "The Gospel of Wealth," pp. 4, 18, 52.

It has, however, by no means been demonstrated beyond doubt that paternalism is socially more efficient than democracy. Even in the realm of philanthropy the smaller gifts of the many are better than the large gifts of the few. Under paternalism responsibility is placed in the hands of the few, with the consequence that vast creative energy is left undeveloped because of lack of opportunity and responsibility. We learn by doing. Development comes through expression. Paternalism has the inherent weakness that it does things for the workers, rather than thrusting upon them the responsibility of doing things for themselves. It is still further handicapped by reason of the increasing revolt of the workers against an inferior status. The growth of popular education makes paternalism more and more intolerable. The workers of tomorrow simply will not exert themselves under paternalism. Material efficiency, as well as the development of personality, demands that increasing responsibility be placed in the hands of the workers. Democracy, not paternalism, is the way to efficiency and character.

The argument against paternalism has been well expressed by former President Wilson in these words: "I am one of those who absolutely reject the trustee theory, the guardianship theory. . . . . I, for my part, do not want to be taken care of. I would rather starve a free man than be fed a mere thing at the caprice of those who are organizing our industry as they please to organize it. . . . . I don't care how benevolent the master is going to be, I will not live under a master. . . . . Justice is what we want, not patronage and pitiful helpfulness. . . . . There is no salvation for men in pitiful condescension of industrial masters. Guardians have no place in a land of freemen. Prosperity guaranteed by trustees has no prospect of endurance."[1]

In the present chapter we have not attempted to say whether or not modern business methods are contrary to the principles of Jesus. The ethics of speculation, private exploitation of natural resources, unearned increment, and such questions are beyond the range of this chapter. We have sought to raise only one issue: Do great fortunes help or hinder social progress? This question will be answered as we answer such questions as these:

Is the chief end of society the production of goods or the creation of men and women with character and intelligence?

[1] The New Freedom.

Is paternalism better adapted than democracy to develop initiative and self-reliance on the part of the workers?
In the long run, does progress come from above or from below?
Is the vast inequality of wealth and privilege consistent with brotherhood?

SUGGESTIONS FOR THOUGHT AND DISCUSSION

I. Do the Rich Deserve to be Rich?

1. What instances do you know of fortunes which were secured by superior ability; what instances of fortunes built up through chance or fortunate circumstances?
2. What proportion of fortunes are due to superior ability; what proportion to chance?
3. A doctor, teacher, minister, or scientist is not rewarded by society in proportion to that received by business men. Is the business man's contribution to society enough superior to justify his higher financial return? Why do you think so?
4. At what point would the limitation of financial reward slow up the initiative and energy of business men? Which is the greater incentive to achievement; financial reward or the realization of public service? Is there sufficient realization of public service in business to prove an incentive for achievement?
5. How big a reward can society afford to pay business genius?
6. Should reward be on the basis of—
   a. Ability.
   b. Need.
   c. Service.
7. Do the rich deserve to be rich?

II. Are Great Fortunes a Social Asset?

1. *Effect upon Human Relations.*
   a. What instances have you known, if any, of brotherly relations between a very rich and a very poor man?
   b. Is it possible for a man with a million-dollar income and a poor man on a bare subsistence to have as brotherly relations as if they had more nearly equal income? Why or why not? Does wealth rob the rich of human relationships?

2. *Effect upon Personality.*
   a. Wealth makes possible the greater development of personality through cultural advantages; but it often leads to idleness and dissipation and is a barrier to the growth of personality. Upon the whole would you say it helped or hindered the growth of the personality of those who possess it?
   b. What warnings are found in the life of Jesus regarding the effects of riches? What do you think of the pertinence of these warnings today?

3. *Effect upon Production.*
   a. It is claimed that great fortunes make possible a reserve without which industrial expansion would be impossible. Are great fortunes essential to industrial growth, or would cooperation between a large group of smaller holders be equally or more productive? What is the basis for your opinion?
   b. What are the dangers industrially of concentration of wealth?
   c. If great fortunes are essential to production but the concentration of wealth hurts human relations and the growth of personality, would you or would you not be willing to sacrifice production in the interest of human relations?

4. *Bearing upon Philanthropy.*
   a. Hospitals, libraries, and other public institutions are dependent largely upon the philanthropy of great fortunes. Would these institutions suffer if dependent upon smaller gifts from the general public?
   b. What is the public attitude toward philanthropies supported by great fortunes? Is this attitude justifiable?
   c. Which is the best for all concerned—the institutions, the public, and the donors—that such institutions should be supported by a few large gifts, or by the small gifts of the many? Why do you think so?

5. *Effect upon Progress.*
   a. Placing wealth in the hands of the few is claimed to make for progress. Which makes for progress the more, to get things done well, or to get everybody doing things, even if they are not done so well?

b. Democracy implies "a chance for every person to be at his best and recognition of every person for all he is worth." In what regards, if any, does the present distribution of financial return deny this principle?

6. *Are Great Fortunes a Social Asset?*

CHAPTER 5

Are Luxuries Antagonistic to Public Welfare?

Is luxury a social problem? If so, what shall we do about it? Before we can answer these questions intelligently, we must take into consideration various standards of living and determine whether or not our national income is sufficient to enable the entire population to enjoy the higher standards. We should then analyze the consequences of luxury.

HOW MUCH DOES THE FAMILY NEED?

This is the sort of question which cannot be answered dogmatically. It all depends upon the person, his tastes, capacities, duties, and environment. There are, however, certain minimum needs which are common to all civilized people. The requirements of various families may be roughly classified as subsistence budgets, health and decency budgets, comfort budgets, and luxury budgets. Let us examine the items included in these various budgets.

A number of governmental, commercial, and private agencies have issued minimum subsistence budgets.[1] One of the very lowest of these was that prepared by the National Industrial Conference Board, an organization maintained by a group of manufacturers' associations, for a man, wife, and three children under fourteen years of age, in Fall River, Mass., in October, 1919. The figure named for this annual budget was $1,267.76. Reduced to the cost-of-living level at the beginning of 1922 this budget amounts to $1,167.46, or $22.45 per week. This budget allows $2.81 per week, or $12.19 per month, for rent. The amount for fuel, heat, and light is $1.66 per week. The clothing allowance for the entire family is $3.37 per week, while the amount provided for food is $8.80 per week, or ten cents each per meal for father and mother and seven cents each for the three children. The amount allowed for all other expenses of the family is $5.81 per

[1] Many of these budgets have been assembled by the Bureau of Applied Economics, of Washington, D. C., in a volume entitled "Standards of Living," Bulletin No. 7.

week. As one looks closely at these figures he wonders how a family can even subsist on this budget.

For a minimum "health and decency" budget let us examine the one prepared by the United States Bureau of Labor Statistics for a family of five at prices prevailing in Washington, D. C., in August, 1919, when prices were only slightly higher than at the beginning of 1922. The amount of this budget was $2,262.47. The various items are: food $773.93; clothing for husband $121.16, for wife $166.46, for eleven-year-old boy $96.60, for five-year-old girl $82.50, for two-year-old boy $47.00; housing, fuel, and light $428; miscellaneous $546.82, which includes $70 for upkeep of house and furnishings, $104 for laundry, $32.92 cleaning supplies, $80 for health, $111.50 for insurance, $45 for carfare, $8.40 for newspapers, $20 for amusements, $13 for church, $10 for labor organizations, $52 for incidentals.

A different kind of budget has been prepared by Mr. Edward Evans, Secretary of the Social Order Committee of the Philadelphia Yearly Meeting of Friends.[1] The twofold purpose of this suggested budget is to give an indication as to the real needs of a family for full development, and also to set a limit beyond which Christian families should not go without serious examination of each contemplated additional expenditure. The suggested items are:

Housing (semi-detached house with reasonable yard)	$ 900
Wages (one maid, with additional service for washing)	750
Fuel and light	250
Food (including ice)	1,500
Clothing	500
Personal equipment (other than clothing)	50
Household equipment	100
Telephone	50
Education (in a good private school)	500
Doctor, medicines, and nursing	200
Carfare and travel (other than vacation)	150
Reading and recreation (other than vacation)	100
Vacation (one month at seashore or mountains)	200
Insurance (life insurance not included)	75
Inexpensive automobile (original cost included and apportioned over life of car)	300
Total	$5,625

[1] Published in *The World Tomorrow*, Nov., 1921.

IS THERE ENOUGH TO GO AROUND?

A clear case can be made out that any family could find legitimate use for an income of at least $5,000 per year. Indeed, it is probably true to say that $10,000 per year could be used wisely and without waste by an intelligent family. The question naturally arises whether our national income is sufficient to provide either of these sums for every family.

A recent important volume, "The Income in the United States," by the staff of the National Bureau of Economic Research, an extraordinarily able and impartial group of statisticians, enables us to answer this question with a considerate degree of accuracy. According to this report the total national income in 1918 was about sixty-one billion dollars. This amount is not all available for personal use. Approximately ten per cent goes normally for the expenses of government.[1] An additional ten per cent should be reserved for expansion and development of new industries. This leaves less than forty-nine billions for personal expenditures. If this forty-nine billion dollars should be divided equally among the approximately twenty-one million families in the United States each family would receive about $2,330. These figures show the utter inadequacy of our present national income to provide $5,000 per year for every family.

As a matter of fact, the number of persons receiving an income as high as $5,000 during 1918 was only 842,458, or less than three per cent of the total number of income receivers.[2] The number of persons who received as much as $2,000 for 1918 was only 5,290,-649, or fourteen per cent of the total number. The startling fact is that the total number of persons receiving less than $1,500 during that year was 27,056,344, or seventy-two per cent of the total number; while the number receiving less than $1,000 for the year was 14,558,224, or thirty-eight per cent of the total number. By way of summary, let us tabulate these figures:

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[1] In 1920 the total cost of government in the United States—federal, state, and municipal—was approximately nine billion dollars, or about thirteen per cent of the national income. The expenses for 1920, however, were abnormal on account of a continuation of war expenses.

[2] "The Income in the United States," p. 136.

INCOMES IN THE UNITED STATES IN 1918[1]

Amount	Number of persons	Per cent of total number
$5,000 or above	842,458	3
$2,000 or above	5,290,649	14
Less than $1,500	27,056,344	72
Less than $1,000	14,558,224	38

The fact remains, therefore, that although a comfortable income of $5,000 might be desirable for every family, it can be secured now only at the expense of other families.

WHAT ARE THE EFFECTS OF LUXURY?

In view of the present inadequacy of the national income to make it possible for every family to maintain a comfortable standard of living, it naturally follows that excessive luxuries can be enjoyed by the few only as others are deprived of necessities. The consumption of expensive luxuries has three notable effects: (1) it diverts human labor from tasks which are socially more productive; (2) it diverts capital from more beneficial uses; (3) it wastes raw materials which might be used to better advantage. Let us notice these consequences a little more closely.

(1) Luxuries divert human labor into less useful channels. This is true in spite of the widespread belief that the production of luxuries "makes work." Let us consider the concrete case of a rich man who builds a country estate at a cost of $5,000,000. Included in the items of expense are a large mansion, sunken gardens, golf links, polo field, and a large artificial lake. Around the whole estate is placed an elaborate iron fence. The completion of the job kept hundreds of workers occupied for a year. After the millions have been expended and the country home is ready, it is used for a few weeks out of the year by the owner and a few rich friends. The public is rigorously excluded. During most of the year the place is closed and deserted save by the caretakers and servants. Has the expenditure of these five millions "made work" and proved to be a blessing to the workers, or has it diverted human labor into wasteful channels?

But we are told that many workers are constantly out of a job and in such cases luxury production is a godsend. That raises the

[1] "The Income in the United States," p. 136.

question: Why are industrious and capable workers unable to find employment that is socially productive? To answer this question we must consider the second and third consequences of luxury production.

(2) Luxuries tie up capital which might otherwise be used in the production of the necessities of life. Here again we run into a popular fallacy. It is generally supposed that luxury spending is a good thing for a community, since "it puts money into circulation." Consider again the case of the $5,000,000 estate. The money was certainly put into circulation. And yet a large part of the cost of the estate is social waste. The same $5,000,000 and the immense amount of human labor might have gone into the erection of sorely needed homes for hundreds of families. And that leads to the third consequence of luxury production.

(3) Luxuries consume raw materials which might have been used more profitably. To continue the foregoing illustrations: not only the invested capital and the human labor, but also the raw material used in the erection of the country mansion might have been used in the building of homes for many needy families. Why are industrious and capable workers unable to find employment that is socially productive? One of the important reasons is because of the high price of capital and raw material, and this is due in part to luxury production. The supply of capital and raw materials in any country and at any one time is strictly limited. If a considerable portion is diverted to the production of luxuries just to that extent capital is scarce and raw materials are expensive for use in production which is socially valuable.

That which is true in the case of a $5,000,000 country estate is true of luxury spending in general. Money spent on luxuries which are of little or no social value, increases the cost of the necessities by needlessly consuming human labor, capital, and raw materials.

"The man who spends money in employing laborers on things that are really useless," says ex-President Hadley of Yale, "causes food to be consumed by a group of workers who leave nothing permanent to show for it, and lessens the amount of useful things which the consumer can enjoy in the immediate future. He usually does more harm than the man who saves money and hoards it; for while hoarding chiefly affects nominal wages, unwise expenditure affects real wages.

In this connection Mr. Hartley Withers, a leading English economist, says: "Since the producing power of mankind is

limited, every superfluous and useless article that they buy, every extravagance that they commit, prevents the production of the necessaries of life for those who are at present in need of them. . . . . Since the output of goods and services at any moment is limited by the amount of labor, capital, and raw material that is to be had, and since we have seen that most goods and nearly all services are more or less quickly consumed, it follows that the divisible wealth of the world is like a great heap, the size of which cannot be enlarged, at will, though the articles of which it is composed may vary. . . . . In other words, *every purchase of an article of luxury stiffens the price of articles of necessity, and makes the struggle of the poor still harder.*"[1]

(4) The extent of expenditures for luxuries. To realize how serious is the problem of luxuries, we must get the facts as to its extent. A first step will be to see how many persons have the financial capacity for excessive luxuries. The following table shows the number of large incomes in the United States during 1918:

LARGE INCOMES IN THE UNITED STATES IN 1918[2]

Income	Number of persons	Amount of income
$1,000,000 and above	152	$ 316,319,219
$500,000 to $1,000,000	369	220,120,399
$200,000 to $500,000	1,976	570,019,200
$100,000 to $200,000	4,945	671,565,821
$50,000 to $100,000	14,011	951,529,576
$25,000 to $50,000	41,119	1,398,785,687
$10,000 to $25,000	192,062	2,808,290,063
Totals	254,634	$6,936,629,965

The fact that these 254,000 persons with an income above $10,000 received a total income in 1918 of nearly seven billion dollars, gives an idea of the possibility of luxury spending. And, of course, luxury spending is not confined to the $10,000 class and above. The number of persons who received an income between $3,000 and $10,000 was 1,970,991, with a total income of nine

[1] Hartley Withers, "Poverty and Waste," pp. 19, 20, 21.
[2] "The Income in the United States," p. 136.

billions.[1] If we allow $3,000 per year for the cost of actual necessities and minimum comforts of each of the 2,225,625 families represented in the income classes above $3,000, we discover that the total amount remaining for luxuries and savings is more than nine billions. If we add to this the amount spent for luxuries by single men who receive less than $3,000 and by families which do without necessities and comforts in order to secure luxuries, we see that a considerable proportion of our national income is available for luxury production.

There is another angle from which we may gain light as to the extent of luxuries, and that is by examining production statistics of items classed as luxuries. The Secretary of the Treasury has estimated that in 1919 the people of the United States purchased luxuries as follows:[1]

Joy riding, pleasure resorts, races, etc.....	$ 3,000,000,000
Luxurious services	3,000,000,000
Excessively high-priced wearing apparel, carpets, and rugs	1,500,000,000
Cigars, cigarettes, tobacco, snuff	2,110,000,000
Perfumery, face powder, cosmetics	750,000,000
Soft drinks	350,000,000
Candy	1,000,000,000
Chewing gum	50,000,000
Jewelry	500,000,000
	$12,260,000,000

With regard to the amount spent for pleasure automobiles—apart for expenditures for commercial automobiles—a leading engineer says,[2] "I have no doubt that automobiling as a luxury was costing the American people at the rate of upward of $3,000,000,000 per annum in 1919." It has been estimated that there are 6,000 women in New York who spend each year as much as $6,000 on their bodily garments. A visit to the exclusive establishments on Fifth Avenue makes it easy to believe that this estimate is not an exaggeration. A stroll along Fifth Avenue or Broadway

[1] *Literary Digest*, July 10, 1920, p. 122. In his report the Secretary of the Treasury included many items not listed above, since they are not usually classed as luxuries. His total was twenty-two billion dollars.

[2] W. R. Ingalls, "Wealth and Income of the American People," p. 217.

near Times Square enables one to see numerous show-windows in which single articles of jewelry valued at from $1,000 to $10,000 are displayed.

Among the excessive amounts spent for luxuries in recent years are the following: $7,000,000 for a mansion with 121 rooms for one family; $300,000 for a pipe organ; $50,000 for a piano; $10,000 for a cradle; $38,000 for a washstand; $65,000 for a dressing table; $20,000 for a hat; $1,000 for a hatpin; $75,000 for opera glasses; $280,000 for a string of pearls; $600,000 for a diamond necklace; $14,000 for an automobile "with an interior inlaid with silver in quartered mahogany and upholstered in fawn suede and morocco"; $30,000 for a still more elaborate automobile.

(5) Summary of consequences. The economic effects of excessive luxury production undoubtedly are: the diverting of human labor, capital, and raw material from production which would be socially more valuable. Luxuries are in part responsible for high prices of necessities, and high prices are responsible for enforced unemployment.

Some years ago at a fashionable party the host distributed cigarettes rolled in hundred-dollar bills. An outcry was raised against such waste. As a matter of fact, however, the burning of hundred-dollar bills is socially less wasteful than most forms of luxury spending. Hundred-dollar bills are only "wealth tokens" and are easily replaced, whereas most luxuries represent the waste of real wealth upon which human labor, capital, and raw materials have been expended.

There are other consequences of luxury spending than those of an economic nature. The effects of luxuries upon the personal habits and characters of those who indulge must be considered. Even more serious are the effects upon human relations. Between those who enjoy excessive luxuries and those who have at best only the bare necessities of life, a great gulf is fixed. It is idle to talk of overcoming class feelings—suspicion, bitterness, and enmity—so long as this gulf exists. The workers will never render their most efficient service so long as they feel that the proceeds of industry are being used to provide excessive luxuries for employers and stockholders. It is unquestionably true that much of the "slacking" and loafing on the job is due to the refusal of the workers to exert themselves unnecessarily in order to pile up luxuries for the "bosses." So long as there is as much basis for this belief as at the present time, it seems futile to expect efficient production or harmonious relations in industry.

HOW DETERMINE AN EQUITABLE DISTRIBUTION OF LUXURIES?

In view of the definite limits to production at the present time, four possibilities are open to society: (1) to increase production to the point where there will be enough luxuries for everybody; (2) to cease entirely all luxury production; (3) to provide luxuries for a small class of rich people; (4) to bring about a more equitable distribution by limiting the luxury expenditures of the rich.

The first proposal will be treated elsewhere in this study. Just here let us say that while increased production is possible and will probably be realized it does not seem likely that for several generations the increase will be sufficient to insure luxuries for all. It will require a considerable degree of increased production to provide even the bare necessities and minimum comforts for the huge proportion of people who now lack these essentials.

With regard to the second suggestion, it would seem to be socially undesirable to eliminate all luxuries, even if this were possible. There seems to be no solution in this direction.

The third possibility, providing luxuries for a few rich people, is the practice followed throughout history, and is the one most widely accepted today in comfortable circles. It is contended that if there are not enough luxuries to go around, surely the available supply should go to the more successful group in society. Only those should have luxuries who "can afford them." It is pointed out that most of the great achievements of mankind come from this upper class.

Ancient Greece is cited as a conspicuous illustration of the value of a cultured upper class. One authority goes so far as to say that he would rather have spent ten years in Athens in the days of Pericles than to live a hundred years in modern mediocrity. One cannot refrain, however, from asking the human cost of maintaining an upper class in leisure and luxury while the Parthenon and other glories of Athens were being produced. The records show that there were about as many slaves as there were free people, while the number of citizens was very much smaller.

Today the possessions and luxuries of the rich are counted among the chief glories of America. Again we are concerned as to the human cost and as to the ratio of rich and poor. The figures

are available.[1] For every income above $25,000 there are 580 below $5,000; for every income above $100,000 there are 4,700 below $3,000; for every income above $1,000,000 there are 177,000 below $1,500 per year.

The final possibility is limiting the luxury expenditures of the rich. Does the existing inequality of distribution represent the actual difference in ability, perseverance, and thrift? Is the interest of the whole people best served by concentrating great wealth in the hands of a few?

The follower of Jesus will turn again to the record for light. What does Jesus say about luxuries? One of the effective ways of teaching is by action. In this connection the example of Jesus is significant. He did not live a life of ease and luxury. Quite the reverse. His chief concern was not for His own comfort, but rather for the welfare of others. On one occasion He reminded His hearers that He "came not to be ministered unto, but to minister, and to give His life a ransom for many." He also said, "For their sake I consecrate myself."

Jesus issued a stirring challenge to His hearers to live this same kind of life; "If any man would come after me, let him *deny himself,* take up his cross, and follow me." Love is to be dominant in human relations. The second great commandment is: "Thou shalt love thy neighbor as thyself." In the parable of the Good Samaritan one's neighbor is defined as any person who is in need. On another occasion Jesus said: "A new commandment I give unto you, that ye love one another; even as I have loved you, that ye love one another. By this shall all men know that ye are my disciples, if ye have love one to another."

The apostle Paul expressed the same idea in these words: "Now we that are strong ought to bear the infirmities of the weak, and not to please ourselves." And again: "Bear ye one another's burden, and so fulfil the law of Christ."

In the parable of the Last Judgment we see pictured the doom of those who neglect the needy: "For I was hungry, and ye did not give me to eat; I was thirsty, and ye gave me no drink; I was a stranger and ye took me not in; naked, and ye clothed me not; sick, and in prison, and ye visited me not."

Jesus uttered many warnings against easy living and neglect of those in need: "But take heed to yourselves in case your hearts get overpowered by dissipation and drunkenness and world

[1] "The Income in the United States," p. 136.

anxieties." The apostle Paul expressed his attitude toward the habits of life that cause others to stumble in these words: "If meat causeth my brother to stumble (referring to the controversy concerning the eating of meat which had been offered to idols), I will eat no flesh for evermore, that I cause not my brother to stumble."

In the Epistle of James we are reminded that love for the needy must express itself in deeds: "Suppose some brother or sister is ill-clad and short of daily food; if any of you says to them, 'Depart in peace! Get warm, get food,' without supplying their bodily needs, what use is that?"

In the light of the very clear teaching of Jesus and His disciples, should a Christian live in ease and luxury? Can there be real brotherhood between those who dwell in mansions and those who are housed in slums? Does a Christian love his brother as himself when he lives in luxury from rents and dividends, while others through toil are unable to rise above need and squalor?

The situation is yet more compelling. Upon the follower of Jesus rests responsibility for the world-wide expansion of the Kingdom of our Lord. The Christian in America cannot evade responsibility for proclaiming the message of abundant life in the Orient, the Dark Continent, and the islands of the sea. Men and women are needed everywhere. And so is money. The expenditure of even a few dollars in the more destitute places of the earth will actually save human lives—each of which is of infinite worth in the sight of God. In other spots, dollars mean doctors, teachers, preachers—the passage from physical infirmity, mental blindness, and spiritual darkness into health, knowledge, and a more abundant life. With the world in physical hunger and spiritual destitution, with the tragic need for men and money everywhere, is it not supreme disloyalty to Jesus and an absolute denial of His Way of Life for a Christian to live in ease and luxury?

SUGGESTIONS FOR THOUGHT AND DISCUSSION

1. The following is a budget estimate of what is essential to complete living: (See page 42.)

Housing (semi-detached house with reasonable yard)	$ 900
Wages (one maid, with additional service for washing) ..	750
Fuel and light	250
Food (including ice)	1,500

Clothing	500
Personal equipment (other than clothing)	50
Household equipment	100
Telephone	50
Education (in a good private school)	500
Doctor, medicines, and nursing	200
Carfare and travel (other than vacation)	150
Reading and recreation (other than vacation)	100
Vacation (one month at seashore or mountains)	200
Insurance (life insurance not included)	75
Inexpensive automobile (original cost included and apportioned over life of car)	300
Total	$5,625

(a) Which of these items would you question as not being essential to maximum efficiency? Which as not being essential to complete and wholesome living?

(b) What budget items would you add, if any, as being essential to maximum efficiency? As essential to complete and wholesome living?

(c) Which, if any, of the above items would you call luxuries? Why?

2. At which of the following levels do you think it would be most desirable for a family with three children to live:

(Put on blackboard.)

g.	Extravagance	$30,000 per year
f.	Luxury	15,000 per year
e.	Plenty	8,000 per year
d.	Enough for complete living	5,600 per year
c.	Reasonable comforts	3,500 per year
b.	Health and decency	2,200 per year
a.	Fair standard	1,700 per year

(There will probably be discussion as to whether the estimated amounts are accurate. Let there be discussion on that and change amounts where there seems basis for same and a majority sentiment.)

3. Which, if any, of the levels of living are inconsistent for a Christian?

4. Which of the following would you call luxuries and which essential to a wholesome and efficient life?

Piano.
Radio.
Ford.
Vacuum cleaner.
Electric washing machine.
Magazines.
Books.
Entertainments.

5. What do you mean by luxuries?
6. What makes the difference of opinion as to what are luxuries and what are necessities?
7. The data seem to indicate that the production of luxuries is one of the causes of the high prices of ordinary comforts of life due to the diversion of labor, capital and raw materials. If there were fewer luxuries produced would folks be better off? Why do you think so?
8. What are the effects of luxuries? Upon the whole are they antagonistic to the public good? At what point do a person's expenditures become antagonistic to the public good?
9. When there is not enough to go around, is a person justified in taking all he needs? If not, why not? If so, under what conditions?
10. What degree of luxury production is justifiable?
11. How would you determine the equitable distribution of luxuries?

CHAPTER 6

Does Modern Industry Help or Hinder the Full Development of Human Beings?

Is the modern economic system more favorable to the full development of human beings than any preceding system? What are the benefits of modern industry? What are its human costs? In what respects is it in accord with the ethical principles of Jesus? Wherein does it violate His teaching?

THE BENEFITS OF MODERN INDUSTRY

1. **Increased Production.** The quantity of goods and services possessed by the American people today has never been equaled by any great nation in human history. For this condition the extraordinary natural resources of the country are in large part responsible. These natural resources, however, could not have been so highly developed without the aid of modern machines and industrial organization. The productive power of human labor has been enormously increased during the past century.

As late as 1830 small grain was sown broadcast, reaped with a cradle, and threshed with a flail or trodden out by horses and oxen. Hay was mown with a scythe, and raked and pitched by hand. Corn was planted and covered by hand, and cultivated mainly with a hoe. The United States Department of Agriculture has estimated that the amount of human labor required to produce a bushel of wheat was on the average only ten minutes in 1896, as compared with three hours and thirty minutes in 1830.

In the making of clothes there has also been a tremendous advance. Early in the nineteenth century a woman could spin twelve skeins of thread in ten hours, producing a thread a little more than ten miles in length. Now she can attend to 600 or 800 spindles, each of which spins 5,000 yards per day, or with 800 spindles, 4,000,000 yards, or nearly 21,000 miles of thread a day.

Formerly a woman could knit a pair of stockings per day; now a boy can attend to twelve machines which will knit a complete 800 pairs per day. A modern cotton-spinning machine tended by one man and two boys, can do as much work as 4,000 spinners could do in 1750. "The spindles of Lancashire today produce as much as would have required the services of 200 million men unaided by machinery." "Before Whitney's invention it is said that the labor of one person was required for about ten hours to pick the seeds from one and a half pounds of cotton lint; at the present time one machine will gin from 1,500 to 7,500 pounds of lint in the same time."

It is true, of course, that we must take into account the labor expended in the making of these machines. But after due allowance has been made, the fact still remains that modern machinery has enormously increased production, with the consequence that the people of the United States have now attained a material standard of life which has never been equaled by the mass of people in any previous age. While the quantity of necessities and comforts is still inadequate to provide for the real needs of all the people, it is probably true that the proportion of people in the United States today who are in physical need is less than in any great nation in history.

2. **Saving of Human Energy.** Modern machines perform many laborious tasks that were formerly done by human muscles. The amount of human energy saved by modern machines is astounding. At the Waterside Station of the New York Edison Company is a single-unit turbine, fifty-seven feet long, twenty feet wide, and fourteen feet high, weighing 975,000 pounds, which develops 40,000 horse-power. The significance of this turbine as a labor-saving device will be emphasized if we recall that "a muscular man usually develops one-tenth of a horse-power, but cannot keep this up all day," which means that one turbine produces energy equal to that of 400,000 husky workmen.

Throughout the Orient and in other parts of the world, vessels are still loaded with coal by swarms of coolies with their buckets. Recently a locomotive crane has been introduced which enables one man with clam-shell buckets to handle coal at the rate of sixty or seventy tons per hour. Recent developments have made it possible to eliminate almost entirely the use of human labor in the delivery of coal to the ships and the distribution of it in the bunkers. Elevators are now in operation which can deliver from

100 to 150 tons of coal per hour direct from the lighter to the bunkers. Grain elevators have an average unloading capacity from cars of 200,000 bushels per ten-hour day, an unloading capacity from river barges of 60,000 bushels per hour. A little while ago a pair of cargo-handling cranes unloaded 2,103 barrels of asphalt in eight and one-half hours. Recently a new 250-ton electric crane lifted a complete locomotive of the Mallett type, weighing 232 tons, and shunted it back and forth over the floor of the shop as though it were a toy. The crane held the huge locomotive suspended for over two hours, and finally set it back upon the tracks again. One electric magnet handled 141,200 pounds of foundry iron in forty-five minutes. Eight automatic ore unloaders recently unloaded seven boats having a total capacity of 70,000 tons in twenty-two hours. A machine has been developed for tiering piles of sugar bags to a height of twenty-five feet, at the rate of 500 to 600 bags per hour, using six men as against the thirty men formerly required to do the same work. Two gigantic circular saws have recently been installed in a western shingle factory, each of which is nine feet in diameter, weighing 755 pounds, and traveling at the rate of 130 miles per hour, having a capacity that is almost incredible. The modern steam shovel operated by one man will do more work in one day than sixty men with pick and shovel do in the same time.

A bulletin of the Smithsonian Institution contains this startling information: "To accomplish the work done annually in the United States, or at least the equivalent in such kind as men could perform, would require the labor of three billion hard-working slaves. The use of power gives to each man, woman, and child in this country the service equivalent to fifty servants."

According to Dr. Thomas T. Reed, of the United States Bureau of Mines, no other country has one-fiftieth part of the total energy resources of the United States.

3. **Saving of Time.** Modern industry makes possible a greater amount of leisure time. Leisure was formerly secured only at the expense of slave labor. The person who has to depend upon his own energy for the support of himself and his family found most of his time consumed in the bare struggle for existence. With the aid of modern machines, men now accomplish in a few hours what formerly required days and consequently have greater opportunities for leisure.

Not only so, improved transportation facilities enable the man

of today to move about with a speed which would have seemed incredible to his grandfather. Twenty miles a day used to be the average for the traveler. The late William E. Dodge told a friend that his grandfather, a resident of New York City, once requested the prayers of his church as he was about to undertake "the long and perilous journey to Rochester." Modern steamships, express trains, and aeroplanes have revolutionized transportation.

Modern machines and industrial organization, by enormously increasing production, lifting heavy burdens from human shoulders, and the saving of time, have made possible a richer and fuller life for the whole people than was ever true before. A broader base has been laid upon which the "good life" may be built.

HUMAN COSTS OF MODERN INDUSTRY

1. **Health and Safety.** Over against the enormous benefits of modern industry are a number of excessive human costs. The United States Bureau of Labor Statistics recently issued a compendium of industrial hazards. Four classes of dangers were listed. (a) *Dust,* causing inflammatory conditions of the eye, ear, nose, and throat, ulceration, and tuberculosis; especially serious in the following industries—marble and stone, mining, textile, grinding, polishing, glass, pottery, and chemical industries. (b) *Heat,* including cold and variations in temperature, causing anemia, general debility, catarrh, rheumatism, cancer, and premature old age; especially serious in iron and steel mills, glass factories, laundries, bakeries, ice manufactories, kitchens, and engine rooms. (c) *Humidity,* including moisture and dampness, causing diseases of the respiratory passages, neuralgic and rheumatic affections; especially serious in paper mills, tanneries, sugar refineries, canneries, steam vulcanizing, paint manufacturing. (d) *Poisons,* twenty-four industrial poisons are listed, including ammonia, arsenic, chlorine gas, lead, mercury, nitrous gases, phosphorus, sulphur. A list of more than 500 hazardous occupations has been prepared by the Bureau of Labor Statistics.

A few years ago Dr. F. L. Hoffman, an insurance statistician, estimated that at least 5,600,000 persons worked under conditions which were "detrimental to health and life on account of atmospheric pollution, or the relatively excessive presence of atmospheric impurities predisposing to or accelerating the relative frequency of tubercular and respiratory diseases."

The American Red Cross has estimated that industrial acci-

dents cause the deaths of more than 22,000 persons annually in the United States. The number of disabilities resulting from industrial accidents was estimated at 3,400,000, a total of 680,000 workers were incapacitated for at least four weeks.[1]

The extreme specialization of modern industry presents a grave menace to the workers. In many industries today there is a high degree of monotony. Thousands of workers perform the same small movement countless times a day. An observer tells of a woman whose only task is to take a half-formed hinge and place it in the bending machine fifty times a minute, or 30,000 times a day; another worker cuts out tin can tops by pressing a foot-lever forty times a minute; a garment worker watches twelve jumping needles of a power machine. A social worker tells of a white-haired man whose task is to watch for dents in tin cans as they pass in an endless procession. At long intervals he uses one hand to remove a can that is dented. All day long he scarcely takes his eyes off the stream of tin cans. During his thirteen years at this job, millions of cans have passed before his eyes.

Repetition and monotony have disastrous nervous and mental consequences. A few years at such a task unfits a person for constructive workmanship. Machine-tending jobs are usually blind-alley jobs, offering small opportunity for advancement or self-improvement. In fact, it has been well said that machine-tending "dis-educates" growing minds.

2. **Decreasing Independence of the Individual.** Enforced unemployment is one phase of this tendency. In the days of cheap land and hand industry a man was less dependent upon others for a job. The volume of enforced unemployment was light. Today the jobs of millions of workers depend upon conditions over which the individual has absolutely no control. Modern industry has concentrated the means of production in huge factories, with the consequence that an increasing number of workers do not own their tools. Cheap land is no longer available. Modern industrial workers are therefore absolutely dependent upon their jobs for a livelihood. And over their jobs they have little or no control. One of the staggering human costs of modern industry is the insecurity of the workers. Tens of thousands of able-bodied men are constantly seeking in vain for employment. A careful estimate of the volume of unemployment in

[1] W. L. Chenery, "Industry and Human Welfare," pp. 138, 139.

the United States between 1902 and 1917 places the number of unemployed at from one million to six millions, the average number being two and a half million workers. During 1921 and the early months of 1922 the number of unemployed was estimated at from three to five million workers. The Engineers Committee on the Elimination of Waste, appointed by Mr. Herbert Hoover, found that:

"The clothing worker is idle about thirty-one per cent of the year; the average shoe-maker spends only sixty-five per cent of his time at work; the building-trade workman is employed only about 190 days in the year or approximately sixty-three per cent of his time; the textile industry seemingly has regular intervals of slack time; during the past thirty years bituminous-coal miners were idle an average of ninety-three possible working days per year."

Another phase of the increasing helplessness of the individual is found in the concentration of ownership and control of industry. There was a time when business men were not greatly unequal in power and when employers and workers were separated by only a narrow margin of power. That day has gone. Individual business men are finding it increasingly difficult to carry on successfully. The corporation is rapidly displacing the individual owner. Chain stores are driving many small stores out of business. Huge corporations are making successful operation more and more difficult for small corporations. The control of many large industries is increasingly falling into the hands of banking syndicates. The Federal Commission on Industrial Relations found that: "A careful and conservative study shows that the corporations controlled by six financial groups and affiliated interests employ 2,651,684 wage earners and have a total capitalization of $19,875,200,000. These six financial groups control twenty-eight per cent of the total number of wage earners engaged in the industries covered by the report of our investigation. The Morgan-First National Bank group alone controls corporations employing 785,499 wage earners."[1]

In mediæval and ancient times men sought power and wealth, not only through commercial channels, but through social and political avenues. The result was feudalism and the divine right of kings. The rise of the democratic spirit is slowly but surely destroying that power. The development of modern industry has,

[1] Senate Document No. 415, p. 80.

however, brought about a concentration of wealth and control which enables a few men to exercise power and influence comparable to that of mediæval monarchs.

If the individual business man is finding himself increasingly helpless in the face of the enormous concentration of wealth and power, how much the more so is this true of the industrial worker. What chance has he to affect the wage schedule of a billion dollar corporation or in any way to change the policies determined upon by a ten-billion-dollar syndicate of bankers?

The situation is made even more difficult for the individual by reason of the existence of class codes of conduct. The individual worker who goes contrary to the decision of organized labor is known as a "scab" and loses caste with many of his fellow workers. The individual business man who goes contrary to the decision of the Chamber of Commerce, Bankers' Association, or noon luncheon club becomes an object of suspicion and often loses social standing. Not infrequently pressure is brought to bear upon him to induce him to remain loyal to the group decision. Such pressure is not uncommon in connection with strikes and the open-shop drive.

It was formerly true that an individual business man or worker could be his own boss and do much as he pleased. Not so today. The individual employer or worker finds it increasingly difficult to say:

> "I am the master of my fate:
> I am the captain of my soul."

This is true of the modern worker or business man only as he combines with his fellows. Only the few individuals who control huge corporations are now really masters of their own financial fate.

3. **Antagonism in Human Relations.** The intensification of competition and the commercial struggle against one's neighbor must be counted as one of the human costs of modern industry. From its beginning modern industry has rested upon the doctrine of free competition and *laissez faire*—the public good will best be served by each person seeking his own good, with the minimum of state interference. This belief has been almost universal in America. This policy has been dominant throughout the history of the United States. Undoubtedly it has developed a hardiness of character and a degree of self-reliance which has had

a large share in the success of American industry. It should never be forgotten, however, that this is a policy of warfare; each man for himself and the hand of every man raised against his fellows. The size of material rewards has been determined by the degree of victory in vanquishing one's competitors.

So long as cheap land and undeveloped resources were available this policy of each man seeking his own good was less detrimental to social welfare. With the growth of population, the passing of cheap land, the monopolization of natural resources, and the concentration of control of industry, this policy is highly dangerous. Unless we find another basis than the seeking of his own good by each individual we cannot avoid an intensified warfare between groups of business men and between employers and workers. It is difficult to see how the doctrine of *laissez faire* can possibly promote harmonious relations in modern industry.

Public welfare is further threatened by reason of the fact that the modern industrial struggle is a fruitful source of wars between nations. Modern inventions have made the whole world a neighborhood. Commercial competition between business men in various nations is increasingly keen. The scramble for the raw materials and markets of the world grows more intense. "The war after the war" is now in progress and is certainly leading on to wars between nations, unless a halt is called to the struggle of each man after his own good and each nation after its own welfare.

4. **Moral and Spiritual Losses.** The strife which is inherent in a system based upon self-seeking has played havoc with human brotherhood. Modern industry is anything but a brotherhood. A dual code of ethics has grown up. Jesus' principle of brotherhood is still widely accepted as a theory, as an ideal to be realized in the Utopian future. But to base business policies upon the gospel of brotherhood is usually considered utterly impracticable. "Business is business," we are told, and cannot be conducted along sentimental lines.

The dominant motive of modern business men is the making of profits. By this standard success is measured. The two things most eagerly sought after in modern commercial life are material possessions and personal power—the desire for luxuries and the craving for mastery. It is recognized, of course, that there are many exceptions to the general rule and that many business men are not dominated by the desire for profits or selfish power. But if modern business is considered as a whole, is it not true that

these two incentives far outweigh all others combined? If this is the case, is not modern business based upon motives which are in fundamental contradiction to the spirit and teaching of Jesus? For the true follower of Jesus the serving of others is far more important than the securing of material luxuries and personal power. The desire to live luxuriously in a poor world and to "lord it over" others are not Christian virtues.

One of the moral costs of modern business is the almost universally accepted theory that business men cannot be expected to render their best service unless granted unlimited financial rewards. Any talk of limiting huge fortunes always brings the retort that to do so would "kill initiative" and decrease the energies of business men. A sharp line is drawn between business men and teachers, doctors, soldiers, scientists, and preachers. Men in these latter professions are expected to render their best service for their fellows without regard to remuneration received. It would never occur to anyone to suggest that a reputable surgeon would vary his skill in an operation in accordance with the size of his fee. It would be regarded as an insult to say that a preacher would display more Christian zeal for five thousand dollars a year than he would for half that salary. And yet over and over again we hear it said that business men cannot be expected to do their best work without the possibility of unlimited material rewards. In other words, a dual standard has been erected, one for business men and another for Christian preachers, teachers, doctors, and other servants of society. Is not this lack of faith in business men and the failure to expect them to respond to the higher motive of service for the common good just as readily as other Christian men one of the serious losses of the present day?

One of the very serious costs of modern industry is found in its effects upon family life. We have long been taught that human progress depends upon a healthy family life. Modern industry has done much to shatter the family. The day when the family worked at home has passed. The father now works in a distant office, factory, or mine. He is away from home from nine to thirteen hours per day. An increasing number of mothers are being driven into industry by the inadequacy of the father's wage. A vast proportion of boys and girls begin work at the age of fourteen or fifteen and are away from home all day. In an appalling number of instances the members of families do not see each other except at night and as they are hastening to work in the morning. In a very large number of cases children are left

to roam the streets with no supervision. It is little short of a miracle to avoid contracting vicious habits under such circumstances.

Family life is further threatened by reason of the kind of dwellings in which vast numbers of families now reside. A considerable proportion of the working population reside in shanties or slums, crowded together in an atmosphere which is wholly unfavorable to congenial family life. The high degree of drudgery and monotony incident to many industrial occupations, coupled with unattractive dwelling places, makes almost inevitable the search for excitement and amusement outside the home. It is not an exaggeration to say that many families rarely spend an evening all together in recreation within the home.

Behold what modern industry is doing to the family: taking the father away for long hours and returning him exhausted, driving mothers away from home and leaving children unguarded, sending children into distant workshops at the earliest legal age, furnishing dreary and unattractive places of abode, attempting to satisfy the craving for excitement by outside commercial amusements—all these combined present a grave menace to the family.

Let us now tabulate the facts set forth in this chapter:

Advantages of Modern Industry	*Disadvantages of Modern Industry*
Greatly increased production	Accidents and occupational diseases
Machines have lifted burdens	Monotony and fatigue
An enormous saving of time	Menace to the family
	Decreasing independence
	Antagonistic human relations
	Endangering of brotherhood
	Moral and spiritual losses

Are we now in a position to strike a balance? Does modern industry help or hinder the full development of human beings? Do its benefits outweigh its human costs? Upon what groups rest chief responsibility for reducing the human costs of modern industry?

SUGGESTIONS FOR THOUGHT AND DISCUSSION

The following represent pairs of contrasting statements. Choose the one in each pair you are willing to defend and indicate why. Material will be found in the chapter in defense of each statement.

1A. Modern industry has brought for the first time in human history a comfortable life within the range of all. Despite all of the things which may be said regarding monotony, fatigue, and danger to health, it has, upon the whole, brought greater comfort to the worker.

1B. Modern industry menaces the safety and health of the workers. The monotony and fatigue of machine production is beyond description. Even though as a result the worker can get more goods, he is unfitted for enjoying them. Upon the whole, machine production has not brought greater comfort to the worker.

2A. Under modern industry, heavy loads are lifted from human shoulders, and the greatest drudgery is borne by machines. Even though it may be monotonous, it is less harmful and makes labor more tolerable.

2B. Under machine production, the worker is depersonalized and becomes simply a cog in the machine. The interests and welfare of the individual are subordinated to the production of goods. Skill in running machines is more easily acquired than skill in the old crafts. Consequently workers can be more easily replaced. Under these conditions, the worker is more helpless, and exploitation of labor, second only to serfdom and slavery, is made possible.

3A. Machine production has greatly reduced the time necessary to produce goods, and thus makes possible a shorter working day and greater leisure. This makes a man's day, taken as a whole, more tolerable than under the old labor conditions.

3B. Modern industry robs a man of the chance of having fun at his job. It has taken away the opportunity for the expression of creative instincts and the joy of workmanship. The man who works longer and harder, but has fun at his work, is really better off.

4. Upon the whole, does modern industry help or hinder the full development of human beings?

CHAPTER 7

Why Is There Not Enough to Go Around?

It is admitted that modern industry is injurious to the health, mentality, and morals of many workers. But it is often contended that this human cost is one of the prices we have to pay for increased production and a higher standard of life. We are told that, after all, it is better for society to have a large quantity of goods to distribute, even if this does involve occupational diseases, monotony, fatigue, unwholesome living conditions, and deadened personalities for many workers. The gains are considered to be greater than the losses. It is pointed out that the people of no other great nation in history have ever been as well off as are the American people today.

Back of such statements is the assumption that at the present time a sufficient quantity of goods is being produced to provide plenty for all. This view is widely prevalent. The truth is, however, the reverse of this. The present supply of necessities and comforts of life is wholly inadequate to supply the real needs of all the people. In substantiation of this statement we cited an abundance of proof in a former chapter, taken from an analysis of our national income and from income-tax returns, wage schedules, and charity records. If the total national income, after deductions for expenses of government and necessary reserve for expansion of industry, should be divided equally the amount available for each family would be approximately $2,300. And of course it is not divided equally. The heads of half the families in the United States have an annual income of less than $1,500. There is simply no escaping the fact that at the present time we are not producing enough goods to go around.

Surely we are confronted with an amazing situation. With fertile soil, favorable climate, vast natural resources, enormous mechanical power, countless inventions and labor saving devices, keen business men, highly trained administrators, skilled engineers and mechanics, and an abundant supply of manual workers—with

all these combined we are not producing enough to go around and at least one-third of our people are lacking in the necessities and minimum comforts of life. How are we to account for such an extraordinary state of affairs? Why is present production inadequate?

1. **Sabotage and Waste.** We are not trying very hard to produce enough goods to go around. Only a small fraction of the workers put their whole energy into their tasks. More or less loafing on the job is characteristic of many workers, as is also much careless and slipshod work. In addition, there are some workers who, for one reason or another, are guilty of deliberate waste of materials. The extreme forms of sabotage, however, are not common in the United States.

It ought to be clearly understood that not all sabotage is practiced by the workers. The employers also are guilty of deliberate restriction of output, and in fact are vastly more successful in this regard than are the workers. The quantity of goods produced may always be limited by the employers. Few plants or factories produce the maximum quantity of goods. An employer sometimes buys a new invention, simply to keep it from falling into the hands of a competitor, and then fails to use it, since it may be more profitable to avoid the expense of the new machinery which it would necessitate. Owners have even been known to destroy goods in order to keep up prices.

Another form of social waste is found in the excessive production of luxuries. In a former chapter we treated in some detail the extent and consequences of luxury in the United States. There is no room for doubt that the annual expenditure of some ten billion dollars of our national income for articles classed as luxuries is an important cause of the shortage and high prices of necessities and minimum comforts. We cannot expend raw materials, labor, and capital on luxuries without decreasing the supply and increasing the cost of necessities.

2. **Ignorance and Bad Management.** Many workers are poorly qualified to do efficient work. Notwithstanding the fact that as a nation we are among the best educated people in history, there is an alarming degree of illiteracy, ignorance, and low mentality in our midst. In 1917 and 1918 the army intelligence tests were given to 1,726,966 men. These tests showed that a considerable number of these men were of low intelligence. As a result of these tests it has been estimated that of our total popula-

tion, twelve per cent are of superior intelligence, sixty-six per cent average, and twenty-two per cent inferior. Inefficiency in industry is further intensified by reason of the lack of adequate training on the part of most workers.

Ignorance and inefficiency are not confined to the workers. In fact, Mr. Herbert Hoover's committee of engineers found that "over fifty per cent of the responsibility for these wastes can be placed at the door of management and less than twenty-five per cent at the door of labor." Among the factors of low production listed by this committee for which the managers are responsible are the following: faulty material control, faulty design control, faulty production control, lack of cost control, lack of research, faulty labor control, failure to provide training facilities, and faulty sales policies. There is room for an enormous increase in efficiency on the part of workers and managers alike.

In this connection, Mr. H. L. Gantt, one of the leading production engineers of the United States, said that, in June, 1918, a boom period in industry, "only about fifty per cent of our industrial machines are actually operating during the time they are expected to operate; and on the whole the machines, during the time they are being operated, are producing only about fifty per cent of what they are expected to produce. This brings our production result down to about one-fourth of what it might be if our machines were run all the time at their highest capacity."[1] Satisfaction with the superiority of present production over that of past ages should not blind us to the fact that there is a very wide gulf between actual production and potential production.

3. **Lack of Impelling Motive to Maximum Production.** Another important factor making for inefficiency of workers is the failure of industry to appeal to any other motive than that of financial self-interest. Here again we must admit that there are exceptions to the rule But it seems unquestionable that primary dependence is placed upon financial rewards to secure the efficiency of the workers—higher wages, profit sharing, bonus schemes. This plan is obviously failing. One reason is that the average worker has little hope of permanently bettering his financial condition to any considerable extent. There are many exceptions, of course; men who are hopeful and who do break through into the ranks of owners and employers. But only an exceedingly small

[1] Quoted in L. D. Edie, "Current Social and Industrial Forces," p. 32.

proportion of the total number of workers succeed in doing this. The best that the average worker can reasonably hope for is barely enough to enable him to support a family in modest comfort. This widespread feeling of helplessness and hopelessness is a barrier to the efficiency of the workers.

Coupled with this is the resentment of most workers at what seems to them to be an unjust division of the proceeds of industry. There is a widespread tendency among workers to say: Why should we work ourselves to death in order to pile up riches for the boss? This feeling is intensified by an exaggerated idea on the part of the workers as to the wealth of employers and as to the financial condition of the companies by which they are employed. The fact that they do not have access to the books of the employer makes it easy for them to believe exaggerated reports.

Another cause of inefficiency is found in the fact that thousands of workers today are thwarted in their desire to give expression to the creative instincts. Modern machine industry dooms most workers to a life of repetition and monotony. What opportunity for the expression of his creative instincts is given to the worker who spends the day watching for dents in an endless stream of tin cans, or who pushes a lever forty times a minute, or whose only task is screwing nuts on bolts, or doing the "dirty work" in any of a score of industries?

Then, too, no consistent appeal is made to the workers to serve the common good by efficient work. No sufficient effort is made to show the workers the relation of their tasks to the welfare of all the people. The consequence is that the loyalty of the average worker is centered upon himself and his family, or at best extends no further than, or is transferred to, a class group, such as a trade union or a revolutionary group. In the normal human being the instinct of self-giving is probably as strong as that of self-gain, mutual aid operates as powerfully as antagonism and rivalry. And yet modern industry scarcely takes these into account in its appeal to the workers. Of course many workers are inefficient: what else could we expect? No man ever does his best work merely for money. The higher energies of men cannot be purchased. The war demonstrated that beyond doubt. So long as workers are doomed to monotony and toil without seeing the relation of their work to the good life of all the people, and so long as the only appeal made to them is that of financial self-interest, must we not expect a high degree of inefficiency among workers?

At the present time most business men also lack an adequate mo-

tive to maximum production. Most men are not in business primarily for the sake of producing needed goods. Their chief purpose is to make profit for themselves. Hence the common saying: "I am not in business for my health." Maximum production is not the aim of modern industry. The real aim is to produce the quantity of goods which yields the highest rate of profits. The moment production ceases to pay normal profits, the manufacturer takes refuge behind "the law of supply and demand" and limits production, even though there is crying need for his goods, whether it be shoes, fuel, houses, or food. Thus we have a condition where the test of production is not whether goods are needed, but whether it is profitable for the individual to produce them.

We are not attempting to say that at the present time a manufacturer can do anything else other than restrict production when he can no longer produce at a profit. We are merely pointing out the fact that our modern productive processes are not built around the needs of the community but around the profits of the managers or owners. The significance of this fact should not be overlooked. With the available natural resources, power-machines, and labor, it would not be difficult to produce enough goods to satisfy all of the real needs of the whole population if the energies of the nation were directed to that end. The trouble is that in our present system the motive of financial profit subordinates the motive of service and prevents the attainment of higher standards of production.

4. **Lack of Security.** Certainly one of the reasons why the workers do not exert themselves sufficiently is the fear of unemployment. There is a very widespread belief among the workers that by extra exertion a person is likely "to work himself out of a job." It is commonly believed that the slower the work the longer the job will last. "If it is a question of 100 per cent employment at seventy per cent efficiency or of seventy per cent employment at 100 per cent efficiency, the laborer will quite certainly choose the former." Even at best the uncertainty of securing another job without delay tends to cause the worker to cling to his present job as long as possible. This fear of unemployment is partly responsible for the rules of many trade unions which tend to restrict production.

As a matter of fact, the worker has good cause to fear unemployment. The average person with a steady income simply cannot comprehend the extent of the calamity of unemployment. A few

weeks or months of enforced unemployment may absolutely disrupt the mode of living of a family and leave permanent effects upon them. The extent of unemployment is appalling. Rarely ever does the number of unemployed in the United States fall below one million, and in times of severe depression it runs to five and six millions. In many industries the workers are unemployed from one-fifth to one-third of the year. It should be remembered that even during periods of regular employment the wages of large masses of workers are insufficient to enable them to maintain a decent and comfortable standard of life for themselves and their families. This fact increases the horror of unemployment. It is foolish to expect the workers to put forth their best efforts so long as they are confronted with this dread of unemployment. Under such circumstances they will work no harder than is necessary in order to keep from being discharged.

The lack of security is also one of the chief reasons why employers restrict production. The degree of this insecurity is revealed in the fact that, according to Dun, there have been more than 260,000 commercial failures in the United States during the past twenty years. They are in constant fear of producing more goods than can be disposed of at a profit. In this connection Professor David Friday says: "The greatest obstacle to flood-tide production in this country is the conviction firmly rooted in the minds of both laborer and employer that America will not consume all that she can produce. . . . . The laborer is making work by shirking; the business man is timid in going forward with production." It is undoubtedly true that workers and employers alike are afraid to produce the maximum quantity of needed goods.

The insecurity of modern business is further increased by the general attitude of the consuming public. Consumers insist on purchasing goods at the very lowest possible price, without regard to whether or not the workers and employers are assured an adequate income for their services. Thus we have a situation where employers and workers are arrayed against each other and where the consumers are arrayed against both employers and workers. By our emphasis upon self-interest we have created a vicious circle of antagonisms; we are defeating our own purposes and are standing in the way of our own progress.

The root causes of inadequate production are found in the human factors of modern industry. Far more progress has been made in the realm of mechanical invention than in the realm of human relations. We have depended upon "enlightened" self-interest and

"free" competition to adjust human relations, with the result that we have created a situation in which workers and employers are compelled to restrict production and to do far less than their best in supplying the real needs of all the people, and which causes consumers to seek the lowest prices without regard to costs of production and the needs of workers and employers.

The only possible way to get adequate production of needed goods is on a basis of cooperation between employers, workers, and consumers. It is futile to expect cordial cooperation between these groups so long as industry is based frankly on private gain—of employer, worker, or consumer. We shall not solve the human problems of modern industry until industry is regarded as a public service and goods are produced because they are needed, not merely because they can be sold at a profit. Production for use is the way out of our industrial tangle and our consequent inadequate supply of goods.

There is, however, a very serious question in the minds of many people as to whether the quantity of goods produced would be greater under a system of production for use. It is maintained that the present system which capitalizes self-interest is better designed to secure maximum production than any other system. Pertinent questions are being asked: What basis is there for believing that production for use would increase the quantity of needed goods? Is not this a theory that is without basis in actual experience? Will it not be necessary to "change human nature" before industry can be placed on a basis of production for use? Even if we were assured of more goods, how shall we bring about the change from production for private profit to production for use?

These are fair questions and they should not be dodged. We propose, therefore, to devote our next chapter to a consideration of the issues involved in production for use.

SUGGESTIONS FOR THOUGHT AND DISCUSSION

1. What examples among the workers have come under your notice of:
   a. Waste.
   b. Loafing on the job.
   c. Inefficiency.

2. What is the reason for these? In what order would you rank the following as possible reasons:

a. Cussedness.
b. Laziness.
c. Low mentality and ability.
d. Desire to get even.
e. Fear of working oneself out of a job.
f. Lack of interest in the job.
g. No stake in the job.

3. What examples among the employers have come under your notice of:

a. Waste.
b. Destruction of excess products.
c. Bad management.
d. Destruction of output.

4. What are the reasons for these? Rank the following in the order of their importance:

a. Fear of overproduction and financial loss.
b. Desire to produce only when profitable.
c. Inefficiency in management.

5. It is claimed that the public is really to blame for there not being enough produced, because the more labor and capital produce the less the public is willing to pay and so loafing and sabotage are profitable.

(a) What do you think? Why?

(b) If labor and capital produced to a maximum, would the consumers be willing to guarantee the producers against actual loss because of this increased production?

6. If labor was protected in maximum production and capital was insured against loss would it make for maximum production? Why or why not?

7. Because of present waste and inefficiency thousands of families are robbed of the essentials of life. Under present conditions what would happen if waste and inefficiency were eliminated?

(a) Would this make possible the essentials of life to all?

(b) Or would it still further increase the income of a favored few?

8. Would a guarantee that increased production would raise the level of life for all the people prove a sufficient incentive to make capital and labor secure maximum production? Why or why not?

9. In a country completely Christian would there, or would there not, be enough to go around? Would the full application of Christian principles to social and industrial life increase production so that each family might have enough for reasonable comfort and complete living? What is the reason for your answer?

CHAPTER 8

How Can Industry be Made to Produce More Goods and Better People?

In the previous chapter we discussed some of the reasons why present production is inadequate and why the human factor in industry is neglected to so great an extent. We pointed out that one of the chief reasons is that production is now based upon profit rather than upon need. Goods which can be sold at a profit are produced, regardless of whether or not there is any real need for them. Goods which cannot be sold at a profit are not produced, even though many people may be suffering for lack of such goods. We expressed the opinion that industry must be placed on a basis of production for use before we can secure an adequate supply of needed goods.

There was a short period during the recent war when our national productive processes were, to a considerable extent, placed on a basis of production for use. At that time we were, of course, confronted with a highly abnormal situation. A national emergency existed and our whole energy and machinery were directed to meeting that need. The nature and quantity of goods produced depended upon the relative needs. Priority was an order of the day. People were expected and required to forego many kinds of luxuries. During those days it was clearly recognized that raw materials and labor which are devoted to the production of useless articles of luxury constitute social waste and to a considerable degree luxury production was forbidden by law or placed under the ban of public disapproval.

The result of this change in the purpose of production was that during the war emergency there was an enormous increase in output of needed goods. "At that time," says Professor David Friday, "we accomplished the amazing feat of producing enough so that we were able to devote fifteen billion dollars' worth of product to the support of our allies and to the prosecution of war on our own account, and at the same time to maintain the great

mass of our people in a state of comfort fully equal to that which they had enjoyed in times of peace." During the period of the war, enforced unemployment was reduced to the minimum. It was easy for a man to find a job.

The war experience was not a wholly adequate test of production for use. It was an emergency experience, and measures that are effective in emergencies may not operate successfully in normal times. The national danger brought about a concentration of governmental powers which certainly would not be tolerated in times of safety. The tide of patriotism which swept over the nation brought about an unusual degree of unselfish public service. Other incentives than financial self-interest were operating. On the other hand, there were enormous difficulties to be overcome. Our whole industrial life was disrupted by the sudden withdrawal of hundreds of thousands of skilled men for combatant service. Factories had to be transformed and new machinery installed. New workers had to be trained, including tens of thousands of women who were wholly inexperienced. All of this had to be accomplished with great speed. Cost was disregarded, maximum production was the objective. Consequently there was enormous waste and costs of production were excessively high. But after all advantages and disadvantages of the war emergency are considered, the evidence seems to indicate that during that period our national production reached an unparalleled height and one which has not been maintained since the armistice.

There are several features of our experience during those days which are of value in our present consideration of production for use. During that period we had a nation-wide demonstration of the effectiveness of non-financial incentives. The desire to serve was dominant throughout the nation. Industry was placed on a basis of service. This is true in spite of the scandalous profiteering in many quarters. On the whole, there was a high degree of unselfish service rendered, not only by men in uniform overseas and in this country, but also by a multitude of men and women in all walks of life. For a time self-interest in industry was subordinated to service for the common good.

There was also a better spirit manifested during that period. Men in different stations in life seemed to understand each other better. Much was said about the brotherhood of the trenches and the workshop and the new era in human relations which would follow the war. There was less bitterness and antagonism between workers and employers. This is not to say there were no strikes

and lockouts. There were altogether too many industrial disputes. But on the whole, more cordial human relations prevailed than now exist. A great national end brought about a high degree of unity and cooperative effort.

Another important factor was the unity of purchasing power. The government was the buyer. This gave a concentration of power, and was therefore an instrument of control. But in normal times there are many tens of thousands of separate concerns in the market for goods.

All of this has an important bearing upon the first question with which we are concerned in this chapter, viz., How can industry be made to produce more goods? The answer can only be: By cooperation—between employers, workers, and consumers. We are rapidly becoming convinced that bitterness and antagonism between these groups cannot be overcome by a continued emphasis upon self-interest, where each employer seeks the highest profits, each worker the highest wages, and each consumer the lowest prices. Harmony and efficiency in production cannot be secured on any other basis than production for use, where goods are produced because they are needed and where they are sold at the lowest price which allows an adequate income to employers and workers. This is the only basis upon which continuous cooperation in industry is possible. And without cooperation adequate production of necessities cannot be secured.

Production for use also tends to give the workers a stake in the industry and to stimulate them to greater efficiency. If they are convinced that increased production will lower costs and actually benefit the mass of people, they are much more likely to work hard than if they believe that the chief purpose of increased production is to make larger profits for the employers.

Production for use and cooperation in industry are not magic phrases which instantly solve all industrial problems. They simply furnish the motive and the method upon which we may safely build our productive processes. We should now consider certain channels through which this motive and this method may be given expression in order to secure more goods and better people.

1. **Research and Education.** We have not yet reached perfection in the mechanical aspects of production. Enormous progress has been made in this field during the past century, but it is probably safe to say that an equal advance in mechanical efficiency

will be made in the century upon which we are now entering. One of the encouraging signs of the day is the increasing recognition of the value of research. Many of the larger corporations now maintain research departments where trained scientists and engineers devote all of their time to research experiments. An immense amount of valuable research work is being done by various governmental agencies. All such agencies should be strengthened and extended.

Equally important with the discovery of more efficient methods of production is the getting of these new devices into general use. One of the significant findings of the Engineers' Committee on the Elimination of Waste was that many concerns are using inefficient machines and methods. It is sometimes more profitable to the manufacturer to use inferior machines than it would be to go to the expense of installing more efficient machines. If production for use were the objective there would be a greater stimulus to use the most efficient machinery.

There is also room for great improvement in the productive capacity of the workers. A large proportion of workers today are poorly qualified for their tasks. Especially among our immigrant population there is a disturbing proportion of illiteracy among adults. In all industrial centers a considerable proportion of children leave school and enter industry at the earliest legal age. Most of these children never receive adequate training and consequently go through life poorly equipped for efficient work. Through an extension of the school age, educational classes for adults, technical education, and vocational guidance, it is possible greatly to increase the efficiency of the workers.

2. **Health Measures.** There is great waste in production due to poor health and physical injuries. The conditions under which many workers are employed are highly detrimental to physical health and vigor. Within the past decade great improvements have been made in removing the menaces to the health and safety of the workers. The installation of safety devices is decreasing the number of industrial accidents. Improvements are being made in ventilation, sanitation, and lighting of industrial establishments. Fatigue is now being studied scientifically and we may expect great strides in decreasing its harmful effects. Industrial hygiene is a new science but sufficient progress has been made to justify the hope for still greater advance in improving the health and increasing the safety of the workers, thus furnishing the physical basis of efficiency.

3. **Regularization of Employment.** Enforced unemployment has two disastrous effects upon production. First, machines and physical equipment are used to less than full capacity, with consequent lowered production. Second, the fear of unemployment causes the worker to restrict production, in the hope of prolonging his job. The fear of unemployment is one of the chief reasons for the inefficiency of the worker. Periods of enforced idleness are often responsible for a breakdown in health or morale of the worker, from which it may take months to recover, with a consequent loss in productive capacity.

Concerning the seriousness of this problem, Secretary Hoover recently said: "There is, to my mind, no economic failure so terrible in its import as that of a country possessing a surplus of every necessity of life with numbers, willing and anxious to work, deprived of those necessities. It simply cannot be if our moral and economic system is to survive."

While unemployment is undoubtedly one of our most serious industrial problems, adequate efforts have not been made to deal with it. In this connection Mr. Seebohm Rowntree says: "The existence of unemployment has been regarded by the employers with far too much indifference, and by the workers with far too much of the spirit of fatalism, and there has been a general reluctance to come to close grips with the evil with a determination to remedy it. Fortunately, the human aspects of industry are now receiving a constantly increasing amount of attention, and we may hope to make up for our past lethargy by rapid progress in the immediate future."

One of the most conspicuous illustrations of stabilizing industry in the United States is that of the Dennison Manufacturing Company of Framingham, Mass. This is a paper goods manufacturing company, an industry which is usually regarded as highly seasonal and in which periods of unemployment are common. With regard to methods of stabilizing this industry, Mr. Henry S. Dennison, president of the company, says: "With respect to unemployment and some other plagues, prevention is more important than cure. We can afford to spare no pains in attempting to put in motion such measures as will tend to greater regularity. While perfect regularity, like perfect health, in an unattainable goal, regularization—seasonal or cyclical—is a perfectly feasible social project. I doubt if the task of bringing within reasonable control the recurring palsy of unemployment will require one-half the effort which has been expended to restrain smallpox, or which is being

expended in control of yellow fever, bubonic plague, or tuberculosis. The steps which must be taken have been listed several times already. For seasonal control they are: planning ahead, inducing early ordering, adding supplementary merchandise, training operatives to two jobs, inventing devices to protect against weather; and for cyclical: furnishing statistical information, planning ahead, adding credit facilities, establishing labor exchanges, cultivating thriftiness."

Another important experiment in safeguarding employment is found in the ladies' garment industry in Cleveland. Concerning this plan Judge Wm. J. Mack, impartial chairman chosen jointly by the manufacturers and the union, says: "The plan in operation in the ladies' garment industry in Cleveland hits at the very crux of the problem, for it aims directly at the immediate reduction and the ultimate elimination of widespread unemployment in this industry. . . . . Under the Cleveland plan, each manufacturer guarantees to his regular workers who do not leave voluntarily and are not justifiably discharged, twenty weeks of work during each half year. The workers must bear the burden of the other six weeks. If the employer fulfils his guaranty, by giving them such work, he has met his obligation; but if he does not provide twenty weeks of work out of the twenty-six weeks, then for the unemployed part of the twenty weeks, his employes become entitled to two-thirds of their respective minimum wages. The agreement for 1922 provides a forty-one week guarantee for the whole year instead of twenty weeks each half year. . . . . At the time this plan was put into effect, the whole country was in an industrial depression, and no one knew how long it would last or how serious it would be. To meet the contention of the manufacturers that under the depressed conditions this two-thirds might amount to more than they could stand, this limitation was fixed: That no manufacturer should be liable to his workers for more than seven and one-half per cent of his total direct labor pay-roll for the six-month period. . . . . And the fact that even under abnormal conditions of the last six months a great many manufacturers have received back a substantial part, and in some instances all, of their unemployment funds, shows that the incentive of this plan has been a real stimulus, and that as a consequence, unemployment in our industry in Cleveland has been reduced."

One of the measures most often advanced as a means of helping to stabilize industry is to plan public construction in such a way

as to have it come at periods of low employment. The volume of construction by municipalities, state, and federal governments—public buildings, roads, streets, bridges, etc.—is sufficiently large to justify the effort to have it done at the times when employment is most needed. Closely akin to this proposal is the suggestion of the extension of public credit for public purposes, such as land reclamation, water-power development, inland waterways, public highways, forestry, housing, and railroads at times of serious unemployment.

Unemployment insurance is often advocated as the most effective measure against unavoidable unemployment. In many foreign countries compulsory unemployment insurance laws have been enacted. In a succeding chapter, when we are discussing social insurance in general, we shall attempt an evaluation of the merits of compulsory unemployment insurance.

Many experiments are being made by employers in various countries with different types of voluntary insurance against unemployment. One of the most interesting and successful of these schemes is that of Rowntree & Company, cocoa manufacturers, of York, England, of which Mr. Seebohm Rowntree is the director. This company sets aside one per cent of its wage-bill as an unemployment fund. Most of its employes are members of trade unions and hence when unemployed are eligible to receive six shillings per week from the union, in addition to fifteen shillings per week under the State scheme of insurance, a total of twenty-one shillings, or about $5 per week. The premium of one per cent of the wage-bill provides a fund which enables Rowntree & Company to increase this sum during unemployment to half of their regular earnings for single workers, plus ten per cent for a dependent wife and five per cent for each dependent child under sixteen years of age, with a maximum of seventy-five per cent of the average wage, or £5 per week (about $25), whichever is less.

Various experiments are being made by employers in the United States and there is reason to believe that an increasing number of enlightened employers will accept responsibility for stabilizing employment as much as possible and will provide insurance against unavoidable unemployment. Professor John R. Commons says, "Unemployment insurance is the only method which can bring home to the bankers, the financiers, the absentee investors, who control modern industry, the responsibility of capitalism for that same security of the job which they already obtain in the security of their investments." Each step in the direction of stabilizing

industry tends to raise the morale of the workers and to increase production.

4. **More Cordial Human Relations in Industry.** Bitterness and enmity between employers and workers are a serious brake upon production. Enlightened employers are now awakening to the seriousness of the situation and are eager to establish more friendly relations with their employes. It would seem that in the last analysis cordial human relations in industry depend upon two factors: (1) an equitable distribution of the proceeds of industry; and (2) a system of control which does not create a "master and servant" relationship, but one in which each worker has a share in the democratic control of industry.

The importance of an equitable distribution can hardly be exaggerated. All plans for bringing about cordial human relations in industry are doomed to failure so long as the workers receive a wage which is insufficient to enable them to support their families in modest comfort while the employers and stockholders grow rich and live in luxury. If an industry cannot pay a living wage to all of its workers, then certainly no person should grow rich out of that industry. Cordial human relations can only be based upon justice, and justice demands an equitable distribution of the proceeds of industry.

The question of the control of industry is so important that we are devoting our next chapter to it. It is futile to expect adequate production of needed goods until a satisfactory adjustment is made with regard to the control of industry.

How can industry be made to produce more goods and better people? The present writers are strongly convinced that the placing of industry on a basis of production for use is a necessary step in this direction. Employers, workers, and consumers must cooperate in producing and distributing goods which are needed. To this end, research, education, and health measures are required. Industry must be stabilized and provision made for the income of workers during periods of enforced unemployment. An equitable distribution of the proceeds of industry must be made. And a system of control must be established which gives to each worker a share in the democratic control of the industry in which he is engaged. Can we not agree that these are necessary steps in order to make industry produce more goods and better people?

SUGGESTIONS FOR THOUGHT AND DISCUSSION

The following statements represent viewpoints on which people differ. Mark *True* in front of those you would be willing to defend as true; and *False* in front of those you would indicate as false. Then think of your reasons for believing each as true or false.

Read through the chapter with the statements in mind that interest you most and see whether in the light of the data in the chapter representing both sides of the question, you would change your first opinion.

1. The workers would work harder if their greater production lowered the cost of goods so a greater number of families could have the conveniences of life.
2. Production for use will secure more goods than production for profit.
3. The chief reason a worker fails to work at capacity is because no matter how hard he works he still has to struggle for subsistence while the boss grows richer and richer.
4. The more efficient the production in industry, the less can human welfare be considered.
5. Increased production automatically brings a higher standard of living.
6. Unemployment is as costly to the employer as to the worker.
7. Any attempt to regularize industry would destroy free competition and the incentive to gain and therefore would be likely to decrease production.
8. The public should demand that those who control industry furnish regular employment for the workers or assume their minimum subsistence support.
9. The comfort of the worker cannot be put first because without the pressure of need the worker would refuse to work.
10. Protection of the health of the worker would pay dividends to the employer.
11. In the interests of a better economic order we should demand that industry find the way to produce more goods without sacrificing the welfare of the worker.

Suggestions to group leader:

There are more statements than can be covered in one group discussion. The leader should select the ones he thinks most

pertinent or let the group members decide which they wish to consider. Then throw each statement open for discussion.

Be sure the data from the chapter dealing on each statement are introduced into the discussion. It might be well to select two persons in advance for each statement which is to be discussed, one to represent it as true, and the other to represent it as false, and open the discussion by the consideration of these two statements.

CHAPTER 9

What Changes in Control Would Most Benefit Industry?

The goal of industry is the production of more goods and better people. The question of control is at the very heart of industrial problems. Upon its solution depends the efficiency and stability of industry, the status of the workers, and an equitable distribution of the proceeds of industry.

The first step in determining what sort of control would most benefit industry is the selection of principles as the basis of judgment. It would seem that the value of any system of control depends upon two factors, its effects upon production and its effects upon human relations.

Concerning any plan of control, we should ask such questions as these: What are its effects upon efficient production? Does it offer adequate incentive to owners and managers? Does it cause the workers to do their best work? Does it tend to develop the initiative and self-reliance of the workers?

Is adequate opportunity afforded for the self-protection of the owners? Does it deprive the workers of an adequate opportunity for self-determination, self-expression, and self-development? Does it create a "master and man" relationship? Are the workers dependent upon the benevolence of the employers? Is it paternalistic or democratic? Are the interests of the consumers safeguarded? On the whole, does it tend to create huge fortunes for a few while many live in poverty? Does it promote discord or brotherhood?

It is altogether possible that under certain circumstances one plan of control will increase production, while another will more effectively promote human welfare. The question then arises: Is it better for society to secure higher production at the cost of the welfare of the workers or to safeguard the workers at the cost of lower production? It has, however, by no means been proved that in the long run production would be lowered by giving pre-

dominance to the human factor in industry. Indeed, there is good reason to believe that harmonious human relations—brotherhood, good will, freedom—will ultimately greatly increase production. From an ethical viewpoint it seems unquestionable that the human factor is of supreme importance. Can we agree, therefore, that that system of control of industry is best which is likely to create the most favorable atmosphere for the development of brotherhood and unselfish service? Is it true that in the long run such a system will also increase production?

We should now proceed to examine various types of control and seek to determine, in the light of the effects upon production and upon human relations, what changes in control would most benefit industry.

1. **Exclusive control by owners and stockholders.** The only possible answer to this question that occurs to many persons is exclusive control by owners and stockholders. Are they not furnishing the capital? Have they not a right to do what they like with that which is their own? Is not the control of property by owners one of the corner stones of our national life? As a matter of fact, throughout our history, industry has been largely controlled by the persons who have furnished the necessary capital.

The opinion of Judge E. H. Gary, chairman of the United States Steel Corporation, concerning the control of industry by security holders, is widely accepted. Judge Gary says: "These must be recognized as rightfully in control. Their capital permits the existence, the activities, and the success of the corporation. They properly may and ultimately will dictate the personnel, the governing rules, the policies, sales and purchases, extensions and improvements, rates of compensation to employes, including special compensation or bonus appropriations for merit, terms and conditions of employment, and all other matters pertaining to the properties and business and management of the corporation. After the honest fulfilment of all obligations to others, they are entitled, not only to a fair and reasonable return on their investments, but to all the net proceeds of the business; otherwise, they could not be expected to leave their capital in the enterprise in question."

Does exclusive control by owners increase efficiency? Does it leave the workers at the mercy of the employers? What are its effects upon the equitable distribution of the proceeds of industry?

2. **Control Through Employes' Representation.** Many experiments are now being made with various types of shop committees and other forms of employes' representation. The degree of power exercised by the workers varies greatly in the different schemes. *The United States Steel Corporation* has established shop committees in a number of its plants, but the power given the workers is exceedingly small and is confined to the making of suggestions as to safety, sanitation, recreation, and such matters. The workers have absolutely no voice in determining wage schedules and other major decisions affecting the industry. The splendid welfare work of the Steel Corporation is conducted on a basis of benevolent paternalism.

The Colorado Fuel and Iron Company has had a plan of industrial representation in operation since 1915. Each plant is divided into ten sections, from each of which the employes elect at least two representatives. These representatives, with an equal number of representatives of the company, form a joint conference. The employes' representatives act on behalf of the employes in all matters relating to their employment, working conditions, wages, and adjustment of grievances. The joint conferences are held to discuss matters of mutual interest and to consider suggestions to promote efficiency and increase production, to improve working and living conditions, to enforce discipline, and to further friendly relations between the officials of the company and the employes. There are four joint committees, made up of six representatives of the employes and six representatives of the company as follows: industrial cooperation and conciliation; safety and accidents; sanitation, health, and housing; recreation and education. Provision is made for arbitration of such matters as cannot be adjusted in the joint conference through joint committees. In the selection of the arbitrators the employes have an equal vote with the company. The whole plan is under the supervision of a vice president of the company who is known as the Industrial Relations Executive. No discrimination is made because of membership or non-membership in labor organizations. Trade unions are not recognized and employes are not permitted to elect outside officials of unions as their representatives in the joint conference or on joint committees.

William Filene's Sons Company of Boston has an organization of employes known as the Filene Cooperative Association. This is a self-governing body consisting of every employe of the company from the highest-paid official to the lowest-paid sales-girl.

The F. C. A. may initiate new store rules, working conditions or relations, wages, or any other matters except policies of business. Any measure vetoed by the management may be passed over the veto by a ballot vote of two-thirds of the membership of the F. C. A. The arbitration board is composed of twelve members, elected by the employes in various sections of the store. The management as such has no representation on the arbitration board. Of the eleven members of the board of directors of the company, four are employes nominated by the F. C. A. and elected by the stockholders. The retail clerks are not organized, but the company maintains working agreements with various unions of teamsters, printers, engineers, etc. The plan, with modifications, has been in operation for more than twenty years and has met with great success.

The Dutchess Bleachery of Wappingers Falls, New York, has adopted a significant plan of industrial democracy. The board of operatives is composed entirely of employes, and has wide powers of initiative concerning adjustment of grievances, working conditions, recreation, education, and has full control of the houses owned by the company. The board of management is composed of three representatives elected by the employes and three representatives of the management. The board of directors is composed of five members; three selected from the management; one from the employes, nominated by the board of operatives, and one from the community. "The board of directors authorizes the statement that our partnership plan is in no way opposed to organized labor."

In what ways does employes' representation increase or decrease production? In what ways does it improve or impair human relations? Which of the foregoing types is likely to be of most benefit to industry?

3. **Workers' Control.** This term has been given several different meanings. In certain sections it means exclusive control by hand-workers, "the dictatorship of the proletariat." The number of persons in the United States who believe in this sort of workers' control is exceedingly small.

Another meaning is that the workers shall have representation on the national administrative body of the industry and on the grievance committees in the shop. Many experiments are now being made with this type of workers' control. The degree of power exercised by the workers varies greatly in the different schemes. One of the most notable agreements is that between Hart,

Schaffner and Marx, one of the large clothing manufacturers of Chicago, and the Amalgamated Clothing Workers, an unusually strong national union. This agreement has a very wide range and includes wages, hours, preference of union members in hiring, working conditions, discipline, etc. Throughout the ten years of its operation this labor agreement has met with notable success. The basis of this success is emphasized in the preamble to the agreement: "On the part of the employer it is the intention and expectation that this compact of peace will result in the establishment and maintenance of a high order of discipline and efficiency by the willing cooperation of union and workers . . . . that out of its operation will issue such cooperation and good will between employers, foremen, union, and workers as will prevent misunderstandings and friction and make for good team work, good business, mutual advantage, and mutual respect.

"On the part of the union it is the intention and expectation that this compact will, with the cooperation of the employer, operate in such a way as to maintain, strengthen, and solidify its organization, so that it may be made strong enough, and efficient enough, to cooperate as contemplated in the preceding paragraph; and also that it may be strong enough to command the respect of the employer without being forced to resort to militant or unfriendly measures.

"On the part of the workers it is the intention and expectation that they pass from the status of wage servants, with no claim on the employer save his economic need, to that of self-respecting parties to an agreement which they have had an equal part with him in making; that this status gives them an assurance of fair and just treatment and protects them against injustice or oppression of those who may have been placed in authority over them; that they will have recourse to a court, in the creation of which their votes were equally potent with that of the employer, in which all their grievances may be heard, and all their claims adjudicated; that all changes during the life of the pact shall be subject to the approval of an impartial tribunal, and that wages and working conditions shall not fall below the level provided for in the agreement."

Still another meaning is that the means of production should be entirely in the hands of workers by hand and brain. Under this form of control every person doing useful work in an industry—whether it be as a laborer, mechanic, foreman, clerk, or administrative officer—would be regarded as a worker and as such would

be entitled to a share in the control of the industry. This would mean the elimination of owners from any share in the control of industry. Capital would be paid a regular rate of interest or there would be public ownership of the industry.

The National Building Guild of England is making a significant experiment with this method of control. The Building Guild is made up chiefly of trade union members and its purpose is to erect houses without the necessity of providing profits for a contractor. The minimum rate of interest is paid for needed capital. The managers, foremen, and workers are paid regular salaries or wages. All operations are democratically controlled. The workers on each job are organized and, as a rule, choose their own foremen. The local guild committee is made up of representatives of the various trade unions represented in the building of houses. Provision is also made for representation of technical and administrative workers. This makes possible the cooperation of all types of workers by hand and brain required in erecting houses. The regional and national organizations are based upon the local guild committee.

The National Building Guild has had marked success. Mr. Ernest Selley was requested by the periodical, *Garden Cities and Town Planning,* to make an investigation of Guild jobs. His report was published in the June, 1921, issue and was based upon a study of five Guild jobs in London and Manchester, the contracts of which called for 986 houses. Mr. Selley summarized his report in these words: "(1) The Guilds have proved that they are organized on business-like lines and are able to carry out building operations in a workman-like manner. (2) The quality of the work produced is distinctly above the average. (3) The weight of evidence goes to show that the output per man on Guild contracts is as good as that obtained by the best private contractors, and certainly higher than most. (4) It is not yet possible to make any definite statement as to comparative building costs, but, from the evidence obtained, there is ground for believing that the cost of building on Guild contracts is likely to be lower than the average costs in the districts where the Guilds are operating."

What effects would an adequate representation of workers by hand and brain on the national administrative body of the industry and on local grievance committees have upon production? Upon human relations? Is it practicable to place entire control of an industry in the hands of the persons employed in that industry—hand-workers, clerical workers, and administrative officers?

Would it be unfair to investors simply to pay them regular interest on invested capital and relieve them of all responsibility for the control of industry? What degree of workers' control is most likely to benefit industry?

4. **Consumers' Control.** Another type of control of industry is found in the cooperative movement. The primary purpose of the cooperative movement is the elimination of middle men, getting products into the hands of the consumer direct from the producer.

The most successful kind of consumers' cooperation is that known as the Rochdale Plan, so called because it was first adopted by a group of poor weavers in Rochdale, England. The initial capital for a cooperative store is secured by voluntary subscriptions for stock. Democratic control is insured by reason of the fact that each member is entitled to only one vote, regardless of the amount of stock held. The minimum rate of interest is paid on invested capital. Goods are sold for cash at the current market price. At the end of the year the surplus savings, or profits, are used for the common social good of the members or distributed as savings-returns in proportion to purchases.

The movement has now spread to all civilized countries and includes retail and wholesale stores, manufacturing plants, agricultural production, and means of transportation. It is estimated that about thirty million families are now represented in the international cooperative movement. In the British Isles especially the movement has assumed huge dimensions. There are more than 1,400 societies, with more than four million members, and 187,000 employes, with an annual sale for factories and wholesale and retail stores of approximately a billion and a half dollars, and an annual net surplus of 100 million dollars to be divided among the members. The Cooperative Wholesale Societies own 17,000 acres of Canadian wheat land, and 12,400 acres in England, in addition to many manufacturing concerns. The movement in the United States has developed slowly. Within the past three years, however, there has been a marked increase in the number of cooperative stores. The Rochdale cooperative movement in the United States has been severely handicapped by the reason of the existence of several movements which advertised themselves as cooperative movements, when in reality they were conducted primarily for the profit of the promoters. A number of these "fake" cooperative schemes have failed and this has tended to dis-

credit the whole idea of consumers' cooperation. Long experience in many countries, however, has demonstrated that the cooperative movement can be carried on successfully if the Rochdale principles are followed.

Does the cooperative movement provide a way for greater efficiency in the distribution of the products of industry? Is cooperation in distribution more likely or less likely to improve human relations? Are there any types of industry in which cooperation is not practicable?

5. **State Control.** The question of state control in industry is so complex and important that we propose devoting our next chapter to a consideration of the various aspects of the subject. Our final evaluation of the merits of different types of control in industry must, therefore, await the discussion in the succeeding chapter.

SUGGESTIONS FOR THOUGHT AND DISCUSSION

1. Study each of the following types of control suggested in the chapter:

Owner's control.
Workers' control.
Cooperative control.
State control.

As you read make notes of information on the following questions:

a. What are the distinctive features of this type of control?

b. In what ways does this type of control tend to increase and in what ways tend to decrease production?

c. Does it help or hinder the full development of human beings?

2. In the light of this study which type of control do you think would be of the most benefit to industry? What are your reasons for thinking so?

3. Which of these types of control are the more paternalistic? Which the more democratic?

4. Is paternalistic control more efficient than democratic?

5. Which type of control is the most beneficial to human beings?

6. In the long run which type of control will bring more progress in industry?

CHAPTER 10

What Degree of Public Control of Industry Will Best Promote the General Welfare?

The majority of the people in the United States have looked with disfavor upon most phases of state regulation and control of industry. And yet during the past few decades a considerable degree of control has been assumed by the state. Under what circumstances is the public justified in interfering with private control of industry?

1. **Safety and Health Measures.** It is now generally recognized that the protection of the life, health, and energies of the workers is not an individual question. It cannot safely be left to the discretion of the owner or employer. Consequently a network of rules and regulations have been adopted by various legislative bodies looking to the greater safety and better health of the workers. Not until 1886 was there a law in any state compelling the reporting of industrial accidents. Now such laws are practically universal. In 1877 Massachusetts passed the first law requiring factory safeguards. Practically all states now have laws which require the guarding of machinery, the protection of elevators and hoistways, adequate ventilation, lighting, and heating; sanitary provisions, protection from infectious disease, and other safety measures. Various laws have been passed looking to the protection of women and children in industry. These laws deal with age requirements, physical requirements and educational requirements of children and with prohibited employment for women and children and for childbirth safeguards, and regulate hours of employment for women and children.

During the years from 1911 to 1919 industrial accident compensation laws were passed in forty-two states. Under these laws employers are required to insure their employes against industrial accidents. The scope of these laws varies very greatly as to industries, injuries, and occupational diseases included, and as to

the scale of compensation. There is also a wide difference in the vigor with which they are enforced. It is estimated that in the United States the compensation system covers from two-thirds to three-fourths of the total number of wage-workers. The primary purposes of a compensation act were set forth by a recent writer in these words: "To encourage the prevention of work injuries as much as possible by affording a direct incentive to such prevention, to restore the earning capacity of those injured workmen who are capable of rehabilitation, and to shift the pecuniary cost of work injuries from the immediate victims and their dependents to the community at large. Economic relief to the sufferers is not merely the most urgent of these objects, but is the key to both the others. Adequate compensation for fatal and permanent injuries will do more than all other legislation to promote industrial safety and to encourage genuine rehabilitation."

Most states and municipalities have laws relating to tenement-house construction and to the location of obnoxious establishments. Severe penalties are attached to the provisions for proper disposal of garbage and other sanitary measures. The so-called rent laws in New York State are based upon the existence of an emergency shortage of houses which seriously threatens the health of the community. Under these laws severe limitations are placed upon owners of apartment houses, including limitations upon the rates of rent which may be charged and upon the power to dispossess a tenant. Many municipalities require adequate heat and light in apartment houses.

During the past decade the effort to protect the lowest paid women workers from exploitation has taken the form of a legal minimum wage. Twelve states (Arizona, Arkansas, California, Colorado, Kansas, Massachusetts, Minnesota, North Dakota, Oregon, Utah, Washington, Wisconsin, and the District of Columbia) now have minimum wage laws. These laws were enacted because of the facts brought out in numerous investigations that a large proportion of unskilled women workers received wages which were far too low for decent self-support. The minimum wage awards have remedied the most flagrant cases of exploitation in the states where they are in operation. A recent writer in the *Monthly Labor Review* in referring to minimum wage legislation, said: "Not only have these laws secured to women increased pay in large aggregate amounts, but they have at the same time standardized competitive conditions in the locality, and largely done away with the secrecy that many employers have practiced

as to individual rates, by which unwarranted discriminations have been made possible inside their establishments—results of great value from both moral and economic standpoints."

2. **Control of Public Utilities and Semi-Monopolistic Industries.** Everybody except anarchists desires a certain degree of state control in industry. Upon this point there is practical unanimity of opinion. But when we come to a consideration of various types and degrees of state control we find conflicting opinions. The extreme individualist, of the strictest *laissez faire* school,—who believes that the good of all will best be served by each person seeking his own good with the minimum of state interference,—is usually a strong believer in laws for the protection of property, exclusive franchises, patents, copyrights of trade names, etc. Quite often he is an ardent believer in protective tariffs, land grants, water-power privileges, and other forms of state aid. Throughout the history of the United States the most orthodox individualists have consistently sought the assistance of the government in building up private business.

Prior to 1890 the prevailing attitude in the United States was that, aside from aiding in the development of certain private industries, the government should assume a policy of non-interference in industry. During the past three decades, however, a marked change in public sentiment has taken place. This change is based upon changed economic conditions. During the first 250 years of our history free land or cheap land was available. Industry was in the handicraft stage or was conducted in small factories. Employers and workers were on a relatively equal basis of bargaining power. The differences between the rich and the poor were less extreme. There was greater equality of opportunity and less need for legislative interference.

Conditions today are, of course, vastly different. Free land and cheap productive land are gone. Our population has greatly increased and there has been a steady growth in the monopolization of land. This is the age of machine industry and productive units are constantly growing in size. Concentration is the order of the day. The chasm between the rich and the poor is growing wider. Fewer and fewer workers own their own tools. There is less equality of opportunity. The weak are less able to protect themselves from exploitation by the strong.

As a result of the changing conditions, there has been an increasing demand during the past thirty years for legislative action

against monopolies and trusts, and in favor of more and more governmental control in industry. Owners of certain kinds of industry now possess only a limited degree of control. This is true of industries, classified as public utilities, and includes steam and electric railways, water transportation lines, express service, telegraph and telephone, light, heat, power, and public water supply. Various types of public-utility commissions fix the rates of payment for such services, determine the grade of service given, and provide for safety measures and working conditions.

In the case of the railways two public bodies exercise a considerable degree of control. The Interstate Commerce Commission has power to fix rates and to compel the installation of safety appliances. The Railroad Labor Board does not possess the same degree of power over wages that the Interstate Commerce Commission has over rates, but it does have considerable power in this field, even though it is compelled to rely upon public opinion for the enforcement of its wage decisions. Thus it is that the owners of railway property do not have the power to determine passenger and freight rates, nor to set wages, without consulting their employes or the Railroad Labor Board.

The extent of public ownership of property in the United States is not generally recognized. In his annual report for 1921 the Secretary of the Interior stated that 400 million acres of land remain in the Public Domain of the United States and that this contains potential wealth estimated at 150 billion dollars. Details of this estimate included: 110 billion tons of coal, all grades; 1,325 million barrels of crude oil; fifty billion barrels of shale oil; twenty million tons of potash; four billion tons of phosphate rock; fifteen million water-horse-power; seventy-five million acres of grazing lands, 100 million acres of semi-arid and desert lands, and 110 million acres of grazing lands in national forests; timberlands valued at 580 million dollars.[1]

The value of buildings and other property in the United States owned by national, state, county, and municipal governments runs into hundreds of millions of dollars and includes the following: capitols, court houses, city halls, official mansions, fire stations, police stations, postoffices, customs houses, armories, hospitals, asylums, homes for dependents, baths, schools, colleges, universities, libraries, art galleries, museums, parks, playgrounds, botanical

[1] Quoted in W. R. Ingalls, "Health and Income of the American People," Appendix I.

gardens, cemeteries, agricultural farms, live stock, machinery, grain elevators, cold storage, bridges, ferries, steamships, docks, markets, gas works, electric plants, water works, bus lines, street railways, the Alaskan Railway. One of the largest publishing houses in the world is owned by the United States government. From it are issued two daily publications, five weeklies, and seven monthlies, as well as hundreds of volumes annually. Considered in the aggregate the amount of property which is publicly owned in the United States is enormous. And yet there is relatively less public ownership in the United States than in almost any other civilized country.

3. **What Further Extensions of Public Control or Ownership Are Desirable?** The principle of state interference with private industry, in the interest of public health and as a means of protecting the public welfare against the menace of uncontrolled monopoly and excessive concentration, is well established. With regard to the extension of public control or ownership, the test is one of expediency. Can the public welfare best be served by state control? If the wisdom of such a step can be established, the enactment of necessary legislation does not involve any departure from precedent. A number of such measures are now being advocated.

Health Insurance. In nine states official commissions have made reports concerning the need for this type of social insurance. There is a considerable volume of evidence available which reveals industry as an important factor in causing sickness. Many of the arguments used in advocacy of industrial accident insurance are now being used in favor of compulsory health insurance. The bills which have been introduced in various state legislatures usually provide that the cost shall be divided equally between worker and employer, and that the scheme shall be administered by the state. They usually provide for a cash sickness benefit during twenty-six weeks, medical care, maternity benefits, and a funeral benefit. Thus far there has been considerable popular opposition to compulsory health insurance and a majority of medical men also seem to be opposed to the idea. Compulsory health legislation has been enacted in a score of foreign countries.

Unemployment Insurance. Within recent years a number of experiments have been made by different municipalities and states in Europe with various types of compulsory unemployment insurance. In England and in Italy national schemes of unemployment

insurance are in operation. Under the British scheme each adult male worker pays a premium of about eight cents per week and the employer pays an equal amount. The government adds an amount sufficient to provide an unemployment benefit of fifteen shillings per week (about $3.50) for each adult male worker who is unable to secure employment, and twelve shillings for unemployed women. These sums are, of course, wholly inadequate, and yet even such a small weekly benefit has relieved an immense amount of distress.

Mr. Seebohm Rowntree, director of a large manufacturing concern in York, has recently proposed a much more comprehensive scheme of national unemployment benefits. He estimates that the total amount of unemployment in normal years does not exceed five per cent. Therefore, a tax on industry of five per cent of the wage-bill would provide benefits equal to full pay for unemployed workers. There is general agreement that it would be unwise to make unemployment benefits equal to full pay. Mr. Rowntree proposes that the unemployment benefit should be one-half of the regular wage, with an additional ten per cent for a dependent wife, and five per cent for each dependent child, with a maximum of seventy-five per cent of his average earnings. Mr. Rowntree estimates that if the employer paid a premium equal to two and one-half per cent of his wage-bill, and the worker paid one per cent of his earnings, and the government granted a subsidy of approximately twenty million dollars, an ample fund would be available for the scale of unemployment benefits suggested above. Concerning unemployment insurance, Mr. Rowntree says: "What I want to plead for is the acceptance of the view that it is not unreasonable of the workers to demand that, just as a well-administered firm sets aside capital reserve in periods of prosperity so that it may equalize dividends over good and bad years, so an industry or a firm should establish a wages equalization fund, which will enable it to pay part wages to its reserve of workers during the periods in which their services are not needed."

Public Ownership of Coal Mines and Railways. There is an increasing demand for public ownership of coal mines and railways. A plan for the public ownership of coal mines has received high official endorsement in England. In 1919 the British Coal Commission was appointed and authorized to make a sweeping investigation of the whole industry and bring in recommendations. The British government agreed in advance to adopt its recommendations. The commission was made statutory, with the full power of Parliament behind it. It was composed of twelve commis-

sioners and a judge—three coal owners, three miners, three representatives of allied industries, and three economists. Mr. Justice Sankey was made chairman. At the conclusion of the investigation, the chairman began his report with these words: "I recommend that Parliament be invited immediately to pass legislation acquiring the coal royalties for the state and paying fair and just compensation to the owners. I recommend on the evidence before me that the principle of state ownership of the mines be accepted." He then went on to recommend the creation of a national mining council, district mining councils, and local mining councils, in all of which representation should be provided for workers, consumers, and the technical and commercial side of the industry. These recommendations were not accepted by the government, but there is a widespread feeling that efficiency and stability in the coal industry of Great Britain will never be secured until such a plan is adopted.

The United Mine Workers of American are now advocating the nationalization of the coal mines. The American Federation of Labor has officially endorsed the Plumb Plan, calling for public ownership of the railways, and joint operation by representatives of managers, workers, and the public.

Taxation as a Means of Preventing Excessive Concentration of Wealth. That huge fortunes are a possible menace to public welfare is now generally recognized. Taxation is often suggested as one of the most effective ways of limiting the excessive concentration of wealth. In the final report of the Federal Commission on Industrial Relations a recommendation was made that personal fortunes in the United States be limited to one million dollars. If such a limitation seemed desirable to a majority of the people of the country, the means are at hand.

The income tax is now firmly established in this country. In 1894 a federal income-tax law in the United States was declared unconstitutional. In 1909 an amendment to the Constitution giving Congress power "to lay and collect taxes on incomes, from whatever source derived" was submitted to the states and on February 25, 1913, was declared adopted, having been ratified by the necessary two-thirds of the states.

Under the United States Revenue Act of 1918, provision was made for a progressive income tax, the rates ranging from four per cent on incomes of $3,000 to a combined normal and surtax of seventy-three per cent on incomes of more than a million dollars. The total tax on incomes of $100,000 was fifty-six per

cent. In addition to the federal government, many of the states levy an income tax.

The federal income tax has proved to be a huge success as a revenue measure. The amount received from this source has jumped from less than sixty-one million dollars in 1914 to more than 3,956 millions in 1920. Up to the present time, however, it has not succeeded to any considerable extent in limiting the growth of great fortunes. The wealth of many rich men has more than doubled since 1914, when the federal income-tax law became effective, and in many cases the increase has been upwards of 500 per cent. The reasons for this failure are obvious. Even after the 1921 tax is deducted from a million-dollar income, there remains a sum of $336,810, and at the 1922 rate the amount remaining is $449,360. Then, too, there are many ways of evading the tax on large portions of income. Interest from many government bonds and certain other forms of income are non-taxable.

The significance of the income tax has not been fully realized by the American people. Already we have experimented with rates varying from fifty-six to seventy-three per cent on incomes above $100,000 a year. If the exemption on certain government bonds and other securities should be withdrawn and the rates of incomes above $100,000 should be increased to eighty or ninety per cent, and a graded tax should be placed on undistributed earnings of corporations, it would be possible to prevent the accumulation of excessively large fortunes.

The Inheritance Tax. Andrew Carnegie often said that it was a disgrace for a man to die rich. The levying of death duties or inheritance taxes goes back to the beginning of recorded history, and today they are used almost universally throughout the civilized world. The inheritance tax is now firmly installed as a permanent part of our federal financial system. Under the Revenue Act of February, 1919, the inheritance tax on estates varied from one per cent on estates not in excess of $50,000 to twenty-five per cent on estates above ten millions. Estates under $50,000 are exempt from the inheritance tax. Forty-five of the States also levy inheritance taxes, the rates varying from one per cent to thirty per cent, according to the amount of the estate and the kinship of the heir.

Inheritance taxes have not thus far been successful in checking the growth of great fortunes, due to three reasons: First, they have not been used on an effective scale for a sufficient length of time; second, the rates have not been sufficiently high, even under the federal tax and the highest state taxes direct heirs may inherit

$750,000 out of a million-dollar estate, while indirect heirs may inherit $600,000 out of one million dollars; third, large fortunes are usually distributed prior to the death of the owner.

Are we now ready to reach any conclusions as to what changes in control would most benefit industry? What is our estimate of exclusive control by owners? Of control through employes' representation? Of workers' control? Of consumers' control? Of state control?

What degree of public control of industry will best promote the general welfare? Each proposal should be tested by such questions as these: Is it necessary for the protection of the public health and welfare? It is the most efficient way of achieving the desired end? Does it tend to place industry on a basis of production for use? Does it promote cooperation in industry? Will it aid in securing an equitable division of the national wealth and income? Will it promote genuine democracy?

SUGGESTIONS FOR THOUGHT AND DISCUSSION

1. What laws and regulations are there in your community in the interests of safety and health?
2. Who controls the water works, the electric light plants, street cars, and other public utilities in your community?
3. What is the extent of public control and ownership in the United States? Is it decreasing or increasing?
4. Under what circumstances, if any, is the public justified in regulating private industries? Under what circumstances, if any, is public ownership desirable?
5. When does an industry become of public concern?
6. What are the principles by which it may be determined? What degree of public control of industry will best promote the general welfare?
7. Do you favor the extension of public control? If so, to what degree? If not, why not?
8. Is the public justified in using taxation to secure a more equitable distribution of wealth?

CHAPTER 11

How Rapidly Can a Christian Economic Order Be Achieved?

In our opening chapter we called attention to the fact that in every quarter the present economic order is being challenged and that many are saying that life is almost intolerable for masses of the people. In the intervening chapters we have attempted to analyze economic conditions in the United States and to point out the sources of division and inefficiency. In the light of this study, is it true to say that there is an appalling amount of suffering and misery and that there is widespread exploitation and injustice?

1. **Is a Christian Economic Order Practicable?** Many persons say that it is utterly impossible to conduct modern industry on a basis of the spirit of Jesus. Such persons say that it is futile to expect business men to regard their competitors as brothers and to manifest only good will and love toward them, or to transform the antagonisms between employers and workers into mutual service for the common good. There is a widespread feeling that "not until the millennium comes" will bankers, manufacturers, merchants, brokers, plumbers, bricklayers, and miners be dominated by the same motives which prompt the highest kind of service by teachers, nurses, scientists, preachers, and missionaries. It is contended that there is no hope of achieving a Christian economic order for many generations to come.

There is much to be said in favor of this point of view. The Christian forces have been seeking for nineteen centuries to establish the Kingdom of God on earth. Thus far they have not wholly succeeded. The presence of many giant evils in our day is conclusive proof of their incomplete success. To move any appreciable distance toward the achievement of a Christian economic order in this generation is a stupendous task. No useful

purpose is served by attempting to deny the magnitude of the difficulties to be overcome.

Lethargy and indifference are responsible for much of our lack of progress. Most people find it exceedingly difficult to get out of the rut of routine and to exert themselves continuously for social progress. The problem is intensified by the fact that too often men do not know "how the other half lives" and are not sufficiently concerned to find out the extent of injustice and suffering. This lack of sensitiveness and the unawareness of the presence of monstrous wrongs and widespread misery is a common characteristic even among religious people.

The situation is further complicated by reason of the strong tendency to defend the *status quo.* The presumption is usually in favor of things-as-they-are. Tradition, custom, and social habit exert a tremendous influence over a community and can be displaced only with great difficulty.

Ignorance is one of the chief obstacles blocking the way to the achievement of a Christian economic order. Men with the best intentions are puzzled to know how they can live truly Christian lives under present conditions. Modern economic life is extremely complex. Our maladies are rooted in the distant past and cannot be cured by surface remedies. A correct diagnosis requires keen observation and great skill.

There is no room for doubt as to the seriousness of the difficulties which confront the follower of Jesus in this day. And yet one of the notable characteristics of true Christians through the ages has been an indomitable optimism, a refusal to be discouraged at the magnitude of the task to be accomplished. Again and again the attitude taken toward enormous difficulties has been: *They can be overcome.*

Christians in every land have received a powerful stimulus from the conviction that they were working in cooperation with the Holy Spirit. They have felt that their weakness would be supplemented by the power of the living God. They have remembered the words of our Lord: "And, lo, I am with you always, even to the end of the world." "Whatsoever ye shall ask in my name, that will I give you." "Ask and ye shall receive, seek and ye shall find, knock and it shall be opened unto you." "When he, the Spirit of truth, is come, he shall guide you into all truth." "Greater things than these shall ye do because I go unto the Father." "With God all things are possible." "My Father worketh even until now, and I work."

The faith and courage of the Apostle Paul have been reflected in true Christians of all ages: "I can do all things in Him that strengtheneth me." "And my God shall fulfill every need of yours according to His riches in glory in Christ Jesus." "For I am not ashamed of the Gospel: for it is the power of God unto salvation to every one that believeth." "I press on toward the goal unto the prize of the high calling of God in Christ Jesus."

In the realm of human relations nothing is impossible for the Christian. All men are created in the Divine Image and have vast undeveloped capacities for brotherhood and service. Mutual aid operates as truly as antagonism. In every human being are unbounded capacities for self-denial and vicarious sacrifice. This generation needs no further proof at this point. During these recent years we have witnessed a world-wide demonstration of the capacity of human beings to undergo privation, danger, suffering, death, and bereavement for the sake of a common cause. Latent within every human being is the capacity to forget selfish aims in the enthusiasm of serving the common good.

There is also a vast store of creative ability now being left undeveloped and unused. Professor J. A. Hobson says: "The assumption that artistic and inventive faculty is exceedingly rare, because it has so seldom been displayed, must be boldly challenged. . . . . It is likely that far more human genius is lost than is saved, even in the more civilized nations of today." One of the things Jesus did for His disciples was to release the latent power of their lives. At its best the Christian religion has throughout the centuries quickened the consciences, revolutionized the motives, and given new power to its followers.

The Christian of this day receives encouragement from a study of history. Men in other generations with less adequate resources faced problems equally as serious as any with which we are confronted. Many great evils of other days have been abolished. For ages man's conception of God caused him to offer human sacrifices upon the altar. Throughout long periods of human history men delighted in the sight of blood and in their most popular sports man was pitted against man, and man against beast. Stadiums rocked with applause at the sight of human blood upon the sand. Throughout much of human history woman was a beast of burden or a mere plaything for man. The sale of children by parents has been an accepted custom in many lands. The beginning of human slavery is lost in antiquity. It has been said that civilization began with the crack of the whip. For ages private

quarrels were fought out in mortal combat and duelling was accepted as inevitable and desirable. There is no record of a time when men did not drink intoxicating liquors, and yet in America steps have recently been taken which have eliminated a considerable proportion of drunkenness and in the next decade will reduce it still further. For ages man groped in darkness with only a glimmer of light. Magic and superstition were all-powerful. The scientific method was long regarded as heresy. Men of science, dominated by a passion for truth, were imprisoned, tortured, and burned.

One of the encouraging signs of the times is the new sensitiveness to suffering and injustice. The very fact that a volume of protest is arising and that everywhere men are seeking a way out of the present distress, gives hope for the future. In past ages when men became sensitive to any great evil, made up their minds that it must be abolished, and set about the task with determination, they have succeeded to a marked degree. And so will it be with present evils. They can be overcome. They *must* be overcome. We must refuse to regard as inevitable any evil in modern life. We must refuse to tolerate any immoral practice, no matter how deep rooted in the past it may be or how difficult seems the task of uprooting it.

This attitude is now becoming increasingly characteristic of the churches in the United States. In many quarters there is a new conscience concerning exploitation and injustice in economic life. A multitude of Christian laymen and ministers are insisting that these wrongs must be righted and are exerting themselves strenuously to this end.

One evidence of this fact is found in "The Social Ideals of the Churches" adopted by the Federal Council of the Churches of Christ in America. The Federal Council is composed of official representatives of thirty-one Protestant religious bodies, the total membership of which is over twenty million persons.

Social Ideals of the Church[1]

Action Taken by the Federal Council of the Churches of Christ in America at a Special Meeting Held at Cleveland, Ohio, May 6-8, 1919.

Resolved, That we reaffirm the social platform adopted by the

[1] Copies of "The Social Ideals of the Churches" may be secured from the Federal Council of Churches, 105 East 22d Street, New York City.

First Quadrennial in Chicago, 1912, and ratified by the Second Quadrennial in St. Louis, 1916.

That the churches stand for:

I. Equal rights and justice for all men in all stations of life.

II. Protection of the family by the single standard of purity, uniform divorce laws, proper regulation of marriage, proper housing.

III. The fullest possible development of every child, especially by the provision of education and recreation.

IV. Abolition of child labor.

V. Such regulation of the conditions of toil for women as shall safeguard the physical and moral health of the community.

VI. Abatement and prevention of poverty.

VII. Protection of the individual and society from the social, economic, and moral waste of the liquor traffic.

VIII. Conservation of health.

IX. Protection of the worker from dangerous machinery, occupational diseases, and mortality.

X. The right of all men to the opportunity for self-maintenance, for safeguarding this right against encroachments of every kind, for the protection of workers from the hardships of enforced unemployment.

XI. Suitable provision for the old age of the workers, and for those incapacitated by injury.

XII. The right of employes and employers alike to organize; and for the adequate means of conciliation and arbitration in industrial disputes.

XIII. Release from employment one day in seven.

XIV. Gradual and reasonable reduction of hours of labor to the lowest practicable point, and for that degree of leisure for all which is a condition of the highest human life.

XV. A living wage as a minimum in every industry, and for the highest wage that each industry can afford.

XVI. A new emphasis upon the application of Christian principles to the acquisition and use of property, and for the most equitable division of the product of industry that can ultimately be devised.

Facing the social issues involved in reconstruction,

Resolved, That we affirm as Christian Churches:

1. That the teachings of Jesus are those of essential democracy and express themselves through brotherhood and the cooperation of all groups. We deplore class struggle and declare against all class domination, whether of capital or labor. Sympathizing with labor's desire for a better day and an equitable share in the profits and management of industry, we stand for orderly and progressive social reconstruction instead of revolution by violence.

2. That an ordered and constructive democracy in industry is

as necessary as political democracy, and that collective bargaining and the sharing of shop control and management are inevitable steps in its attainment.

3. That the first charge upon industry should be that of a wage sufficient to support an American standard of living. To that end we advocate the guarantee of a minimum wage, the control of unemployment through government labor exchanges, public works, land settlement, social insurance, and experimentation in profit sharing and cooperative ownership.

4. We recognize that women played no small part in the winning of the war. We believe that they should have full political and economic equality with equal pay for equal work, and a maximum eight-hour day. We declare for the abolition of night work by women, and the abolition of child labor; and for the provision of adequate safeguards to insure the moral as well as the physical health of the mothers and children of the race.

A pronouncement concerning social reconstruction has been issued by the Administrative Committee of the National Catholic War Council, an official organization of the Roman Catholic Church in the United States.[1] Brief extracts from this statement are as follows:

One general principle is clear: No female workers should remain in any occupation that is harmful to health or morals. . . . . The proportion of women in industry ought to be kept within the smallest practical limits. Those women who are engaged at the same tasks as men should receive equal pay for equal amounts and qualities of work. . . . .

In passing, it may be noted that government competition with monopolies that cannot be effectively restrained by the ordinary anti-trust laws deserves more serious consideration than it has yet received. More important and more effective than any government regulation of prices would be the establishment of cooperative stores. . . . . In addition to reducing the cost of living, the cooperative stores would train our working people and consumers generally in habits of saving, in careful expenditure, in business methods, and in the capacity of cooperation. . . . . They will then realize the folly of excessive selfishness and senseless individualism. . . . .

We are glad to note that there is no longer any serious objection urged by impartial persons against the legal minimum wage. The several states should enact laws providing for the establishment of wage rates that will be at least sufficient for the decent maintenance of a family, in the case of all male adults, and adequate

[1] Copies may be secured from the Council, 1312 Massachusetts Avenue, N. W., Washington, D. C.

to the decent individual support of female workers. In the beginning the minimum wages for male workers should suffice only for the present needs of the family, but they should be gradually raised until they are adequate to future needs as well. That is, they should be ultimately high enough to make possible that amount of saving which is necessary to protect the worker and his family against sickness, accidents, invalidity, and old age. Until this level of legal minimum wages is reached the worker stands in need of the device of insurance. The state should make comprehensive provision for insurance against illness, invalidity, unemployment, and old age. So far as possible the insurance fund should be raised by a levy on industry, as is now done in the case of accident compensation. The industry in which a man is employed should provide him with all that is necessary to meet all the needs of his entire life. . . . .

The right of labor to organize and to deal with employers through representatives has been asserted above in connection with the discussion of the War Labor Board. It is to be hoped that this right will never again be called in question by any considerable number of employers. . . . .

It seems clear that the present industrial system is destined to last for a long time in its main outlines. . . . . Nevertheless, the present system stands in grievous need of considerable modifications and improvement. Its main defects are three: Enormous inefficiency and waste in the production and distribution of commodities; insufficient incomes for the great majority of wage-earners, and unnecessarily large incomes for a small minority of privileged capitalists. . . . . The full possibilities of increased production will not be realized so long as the majority of the workers remain mere wage-earners. The majority must somehow become owners, or at least in part, of the instruments of production. They can be enabled to reach this stage through cooperative productive societies and copartnership arrangements. . . . .

Changes in our economic and political system will have only partial and feeble efficiency if they be not reinforced by the Christian view of work and wealth. . . . . The employer has a right to get a reasonable living out of his business, but he has no right to interest on his investment until his employes have obtained at least living wages. This is the human and Christian, in contrast to the purely commercial and pagan, ethics of industry.

The Central Conference of American Rabbis has issued a "Social Justice Program,"[1] from which we quote as follows:

The Conference recognizes the right of Labor to organize and to bargain collectively through representatives of its own choosing

[1] Printed in *The Survey*, September 1, 1920, p. 654. Copies may be secured from Rabbi Horace J. Wolf, Rochester, N. Y.

as an instrument by which to secure its rights at the hands of the employers. It further recognizes the right of labor to share more equitably in determining the conditions of labor as well as in the reward. . . . .

The Conference condemns all slacking and sabotage, and denounces as subversive of the safety of society and of the well-being of the republic the use of violence in industrial dispute. It calls upon labor as well as upon capital to exhaust all the resources of peaceable settlement before resorting to the strike or the lockout. It maintains the welfare of the public to be supreme above the interests of any class or classes.

The inequalities of living and earning conditions, intolerable even before the war and rendered still more flagrant as a result of the world upheaval, demand immediate adjustment. . . . .

It declares its abhorrence of all interference, whether by private citizens or by officials, with the exercise of freedom of speech, oral or written, and of freedom of assemblage, both of which are guaranteed by the Constitution. And it further condemns the use of private police under the guise of and in the capacity of public administrators of the law as tyrannical and conducive to injustice and violence. . . . .

The Conference urges as axiomatic the following industrial norms, which have been stressed in previous declarations of this Conference, viz., the legal enactment of an eight-hour day as a maximum for all industrial workers; a compulsory one-day-of-rest-in-seven for all workers, to whom shall be assured the right of observing their Sabbath in accordance with their religious convictions; the regulation of industrial conditions to secure for all workers a safe and sanitary working environment with particular attention to the special needs of women; the abolition of child labor and the raising of the standards of age wherever the legal age limit is lower than is consistent with moral and physical health; adequate workingmen's compensation for industrial accidents and occupational diseases and provision for the contingencies of unemployment and old age.

These official pronouncements by representatives of three great religious forces in the United States reveal the extent of the interest of the churches in social problems. In addition to these official statements, there are several significant religious movements of an unofficial nature which are exerting themselves on behalf of a new social order.

One of these is the Fellowship of Reconciliation, which has now been operating for about seven years.[1] The following

[1] Persons desiring further information concerning this movement should write to Bishop Paul Jones, Secretary, 396 Broadway, New York City.

paragraphs taken from its statement of principles reveal the basis of its activities:

The Fellowship of Reconciliation is a group of persons who, individually and collectively, seek more uncompromising practice of the principles of Christ in personal and social action, believing that in Him we have the satisfying solution of all the problems of our complex life. It unites men and women expressing in various forms their common Christian faith, who are profoundly disturbed by the confusion of thought and utterance throughout the Christian world with regard to war and other great social and industrial questions. To the members of the Fellowship it appears that in accepting as inevitable the present world order we have all failed to interpret the mind of Christ, and that confidence in His leadership involves us in the endeavor to apply unflinchingly His revolutionary principle of love.

Without wishing to bind themselves to any exact form of words, they would state their general agreement on the following points:

That Love as revealed and interpreted in the life, teachings, and death of Jesus Christ is not only the fundamental basis of a true human society, but the effective power for overcoming evil and for accomplishing His redemptive purposes.

That since these purposes must be fulfilled through men and women, it is incumbent upon the followers of Christ to endeavor to practice unswervingly his principle of love as the inviolable law of personal relationships, and the transforming power of human life, and to take the risks involved in applying this principle in a world which does not yet accept it.

That the love revealed in Christ profoundly reverences personality; strives to create an order of society which suffers no individual to be exploited for the profit or pleasure of another, but assures to each the means of development for his highest usefulness; seeks reconciliation between man and man, class and class, nation and nation, race and race; deepens and enriches devotion to home, to church, and to country, and harmonizes all these loyalties in dedication of life to humanity and to the universal Kingdom of Christ.

That since war inevitably involves violation of these principles and disregard of the supreme value of personality, we find ourselves unable to engage in it; and, since the existing organization of society engenders motives and methods which violate these principles and hinder the development of character into the likeness of Christ, we are convinced that loyalty to Him and to humanity calls us to seek with others such fundamental changes in the spirit of men and in the structure of the social order as shall make possible the full expression of love in personal, social, industrial, national, and international life.

Within the past few months the Fellowship for a Christian Social Order has been inaugurated.[1] At its recent conference at Lake Mohonk, which was attended by representatives from many sections of the United States, a statement was adopted as its basis, from which we quote as follows:

I.

This Fellowship binds together for mutual counsel, inspiration, and cooperation, men and women who are seeking fundamental changes in the spirit and structure of the present social order through loyalty to Jesus' way of life.

II.

We believe that human fellowship has its necessary basis in fellowship with God as He is revealed in Jesus.

III.

As we interpret the life and teaching of Jesus, the supreme task of mankind is the creation of a social order, the Kingdom of God on earth, wherein the maximum opportunity shall be afforded for the development and enrichment of every human personality; in which the supreme motive shall be love; wherein men shall cooperate in service for the common good and brotherhood shall be a reality in all of the daily relationships of life.

IV.

We must, therefore, endeavor to change such unchristian aspects of our present social order as now hinder the spirit of fellowship: extravagant luxury for some while many live in poverty and want; excessive concentration of power and privilege arising from vast wealth in the hands of the few; monopoly of natural resources for private gain; autocratic profit and power rather than for social use and service; arrogance and antagonism of classes, nations and races; war, the final denial of brotherhood.

V.

We believe that in the spirit and principles of Jesus is found the way of overcoming these evils and that within the Christian Church there should be a unity of purpose and endeavor for the achieving of a Christian social order. By means of fellowship in thought and prayer we come to understand the point of view of those who differ from us, make possible new discoveries of truth and aid one another in the solution of common problems. We

[1] Persons desiring further information concerning this movement should write to Kirby Page, 311 Division Avenue, Hasbrouck Heights, New Jersey.

believe that social changes should be effected through educational and spiritual processes, especially by an open-minded examination of existing problems and suggested solutions, full discussion, and varied experimentation. We pledge ourselves to vigorous activity in seeking a solution, by these means, of the social problems which we face.

In addition to these movements, most of the larger religious bodies have national departments of social service, with bureaus of information and traveling secretaries.[1] In addition, the Church League for Industrial Democracy[2] is doing effective work among members of the Episcopal Church. There are also several other movements within the churches working for social righteousness, such as the Brotherhood of the Kingdom, etc.

Plans are now under way for conducting in 1924 a National Conference on the Meaning of Christianity in Industrial, Racial, and International Relations. A similar conference is to be held in England. A world conference on "Life and Work" is planned for 1924 or 1925.

It is sometimes said that the pronouncements of various religious bodies are only paper programs, mere words, and do not possess any real significance. In reply, it should be pointed out that the statements and activities of these bodies indicate a new sensitiveness to the evils in the present social order and a new determination to overcome them. In past centuries an awakened conscience to great evils and a resolute determination to overcome them has been the basis of moral progress. And so it is in our day. The awakening within the churches during the past few decades with regard to social problems is of tremendous significance for the moral progress of mankind.

The Christians of this generation should not be dismayed by the magnitude of the tasks with which they are confronted. The attitude and spirit needed is that of the Christian missionary facing the superstition, cruelty, and antagonism of pagan people, or that of a devoted physician seeking a cure for the maladies of mankind, or that of a scientist searching for truth.

The attitude of modern engineers toward mechanical difficulties is well known. Again and again the "impossible" has been ac-

[1] For information concerning any of the social service departments of religious bodies write to the Commission on the Church and Social Service of the Federal Council of Churches, 105 East 22d Street, New York.

[2] The Secretary is the Rev. Richard W. Hogue, 129 Nippon Street, Mt. Airy, Philadelphia, Pa.

complished. Behind the desk of one of the great industrial leaders of this country is a small electric sign: "CAN'T MUST BE OVERCOME." At critical moments in deliberations with his associates he flashes this sign. This is the attitude we must take toward the problems of modern industry. In all matters of human relations, as well as in mechanical production, "Can't *must* be overcome."

We should not be unduly impressed by the current scepticism as to Christianizing the economic order. This same doubt has been manifested in every age and concerning the abolition of every great evil. James Russell Lowell once pointed out that "not a change for the better in our human housekeeping has ever taken place that wise and good men have not opposed it—have not prophesied with the aldermen that the world would wake up to find its throat cut in consequence of it." Concerning mechanical inventions there have been many sceptics. In 1877 the *London Times* denounced the telephone as "the latest American humbug." In 1834 the *New York Evening Star* said, "Among new inventions to increase the pauperism of England, we observe a portable steam threshing machine."

It has been said that "the retrospective vision of accomplished fact is the most fantastic of all Utopias. Compared to it the tasks which our limited vision can see lying ahead of us are singularly simple."

2. **How Rapidly Can a Christian Economic Order Be Achieved?** There are two common attitudes toward this question. First, there is the attempt to revolutionize the economic order immediately and the tendency to be impatient with delay. Second, there is the widespread feeling that no considerable progress in the solution of economic problems can be made in a short time, with the consequent tendency to regard proposed solutions as "Utopian."

An examination of the records of history reveals the fact that many far-reaching changes in human affairs have taken place with relatively great speed. In the realm of knowledge and mechanical invention this is conspicuously true. It has been said that "for the material advancement of mankind the nineteenth century has done more than all preceding ages combined." Not only with regard to inventions but also in the realm of moral problems great strides have been made within comparatively short periods. During a few decades of the nineteenth century, slavery, an institution older than written records, was almost entirely banished from the

civilized world. During the last half century another practice that antedates written history, drunkenness from intoxicating liquors, has been legally prohibited in America and considerable progress has been made toward its actual abolition. There is no room for doubt that under certain conditions marked speed may be attained in the solution of moral problems.

"So far from civilization being practically unchangeable," says Benjamin Kidd, "or only changeable through influences operating slowly over long periods of time, the world can be changed in a brief space of time. Within the life of a single generation it can be made to undergo changes so profound, so revolutionary, so permanent, that it would almost appear as if human nature itself had been completely altered in the interval. If but one-half the intelligence and effort which nations have hitherto directed towards the collective organization of society for war were directed towards the study and collective organization of society in the light of this knowledge, it would result in its becoming visible on all hands that civilization can be altered so radically and so quickly that the outlook of humanity on nearly every fundamental matter can be changed in a single generation."[1]

It is true, however, that the outstanding problems of the day require an educational basis for their solution. One of the great needs of the present moment is for a thorough application of the spirit of scientific analysis in all realms of modern industry, in the sphere of human relations as well as in mechanics. Intensive experimentation and the inductive method are sorely needed. We cannot hope to make a correct diagnosis of our economic ills on any other basis than that of freedom of thought and expression and an open-minded examination of the facts in the case and a fair consideration of proposed solutions.

It is impossible for any one individual to discover the whole truth concerning any problem or solution. Especially is this true in an antagonistic society, where the individual is likely to be influenced by strong prejudices. It is also impossible for any class or belligerent group to make a correct appraisal of any situation. Passion and bitterness hide the truth.

Therefore, one of the great needs of the present moment is fellowship—intimate acquaintance, a sharing of thought and experience, mutual outpouring and ingathering, a common search for truth, a mutual desire to serve, and cooperation in the common

[1] Benjamin Kidd, "The Science of Power," pp. 112, 113.

task of achieving a Christian economic order. Fellowship in industry can best be promoted by seeking to place industry on a basis of production for use and by intensive experiments with various types of cooperation in industry.

This is a period of unsurpassed opportunity for Christian people. The whole world is in convulsion. Age-long institutions and practices are crumbling. "The old order changeth," says Woodrow Wilson, "changeth under our very eyes, not quietly and equably, but swiftly and with the noise and heat and tumult of reconstruction. We are in a temper to reconstruct economic society, as we were once in a temper to reconstruct political society, and political society may itself undergo a radical modification in the process."

During the nineteenth century we achieved the physical basis of the good life for all the people, and it now seems possible to raise the general standard of living in the United States very considerably during the next few decades. Is it too much to believe that during the twentieth century we shall be able to establish a Christian economic order, in which abundant life will be within the reach of all, and every human being will have opportunity for complete self-development and self-expression?

SUGGESTIONS FOR THOUGHT AND DISCUSSION

I. Is a Christian Economic Order Practicable?

1. Many persons say it is utterly impossible to conduct modern industry on the basis of the spirit of Jesus. What are the considerations for and against this position?
2. Read the Social Statements of the Protestants, Catholics, and Jews. What do these indicate as to the belief of these bodies as to the possibilities of a Christian economic order? What are the common points of emphasis? What, if any, distinctive emphases do you find?
3. What other evidences of social conscience and aspiration among Christians?
4. Do you consider such statements merely paper documents or real evidences of progress? Why?
5. Upon the whole, does a Christian economic order seem to you practicable of attainment?

II. How Rapidly Can a Christian Economic Order Be Achieved?

1. With which of the two following common attitudes do you find yourself in agreement? Why?
   a. The economic order must be revolutionized immediately.
   b. No considerable progress in the solution of economic problems can be made in a short time, and proposed quick solutions are likely to be "Utopian."
2. What is the evidence for and against speedy progress in the achievement of a Christian economic order?
3. What are the things immediately practicable toward this end?
4. How rapidly can a Christian economic order be achieved?

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